

**Comprehensive Annual  
Financial Report**

**of the**

**City of Ocean City Board of Education**

**OCEAN CITY, NEW JERSEY**

**For the Year Ended June 30, 2015**



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## **INTRODUCTORY SECTION**



# OCEAN CITY BOARD OF EDUCATION

501 Atlantic Avenue, Suite 1  
Ocean City, New Jersey 08226-3891  
Phone: (609) 399-4161  
Fax: (609) 399-4656  
[www.oceancityschools.org](http://www.oceancityschools.org)

November 27, 2015

Honorable President and  
Members of the Board of Education  
City of Ocean City School District  
County of Cape May, New Jersey

Dear Board Members:

The comprehensive annual financial report of the City of Ocean City School District for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the basic financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the 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." 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.

## **1. REPORTING ENTITY AND ITS SERVICES:**

The City of Ocean City School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The City of Ocean City Board of Education and all its schools constitute the District's reporting entity.

*Ocean City School District – Committed to Excellence*

Information on Harassment, Intimidation & Bullying located on our website at [www.oceancityschools.org](http://www.oceancityschools.org)  
Equal Opportunity Employer

**1. REPORTING ENTITY AND ITS SERVICES (Continued):**

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an enrollment of 2,125 students, which is 33 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

| <u>Year</u> | <u>Enrollment</u> | <u>Change</u> |
|-------------|-------------------|---------------|
| 2014-15     | 2,125             | 1.58%         |
| 2013-14     | 2,092             | 1.31%         |
| 2012-13     | 2,065             | 0.00%         |
| 2011-12     | 2,065             | 0.63%         |
| 2010-11     | 2,052             | -2.05%        |

**2. ECONOMIC CONDITION AND OUTLOOK:**

The Ocean City area is experiencing no particular increase or decrease in its economic environment. This is a barrier island, resort community, which relies predominantly on tourism during the summer months for its economy. There is neither light nor heavy industry to contribute to the employment picture, construction of single family and duplex homes replacing other facilities is increasing, and ratables have shown an increase this past year.

**3. MAJOR INITIATIVES:**

The District has made a sustained effort to maintain the efficiency and use of the facilities for the Ocean City Schools. Additionally, the district has integrated improved security district-wide to better safeguard the students and staff. A public referendum held March 11, 2014 was approved by the voters of Ocean City authorizing the issuance of bonds to fund renovations to the Ocean City Primary School. In addition the Board withdrew funds from its capital reserve account to renovate the HVAC system in Ocean City High School. Construction began on the HS HVAC project and was completed in the fall of 2014. The Primary School Project was completed in summer 2015. The District maintained its focus on the utilization of technology in the classroom environment by implementing its hardware replacement schedule as well as continuing to install Interactive White Boards. Additionally, the District successfully passed the NJ Department of Education Quality Single Accountability Continuum monitoring program and received designation as a High Performing District for the period from the 2013-2014 school year through the 2016-2017 school year.

An investment has been made in standardized testing materials to establish benchmark expectations in various grades and provide better insight to students' preparedness for state assessments and college via MAP, ReadStep, PSAT and ACT Plan. We are reviewing how to engage students who are at risk by focusing on scaffolding and acceleration strategies and beyond the school day support program to afford success in the regular classroom rather than the more traditional remediation model encouraging a slower delivery and never quite catching-up students with grade level expectations. The District has also made an investment in professional development for the staff by focusing on curriculum, instruction and assessment.

#### **4. 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 is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

#### **5. BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the Subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

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

#### **7. DEBT ADMINISTRATION:**

At June 30, 2015, the District's outstanding debt consists of \$17,691,000 in general obligation bonds. This balance consists of \$14,940,000 from the refunding bonds issued in September 2005, \$2,149,000 from bonds issued on February 24, 2010 for improvements to the intermediate school and \$2,497,000 from bonds issued on May 15, 2014 for improvements and renovations to the primary school.

#### **8. CASH MANAGEMENT:**

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

**9. RISK MANAGEMENT:**

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

**10. OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board of Education. 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 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

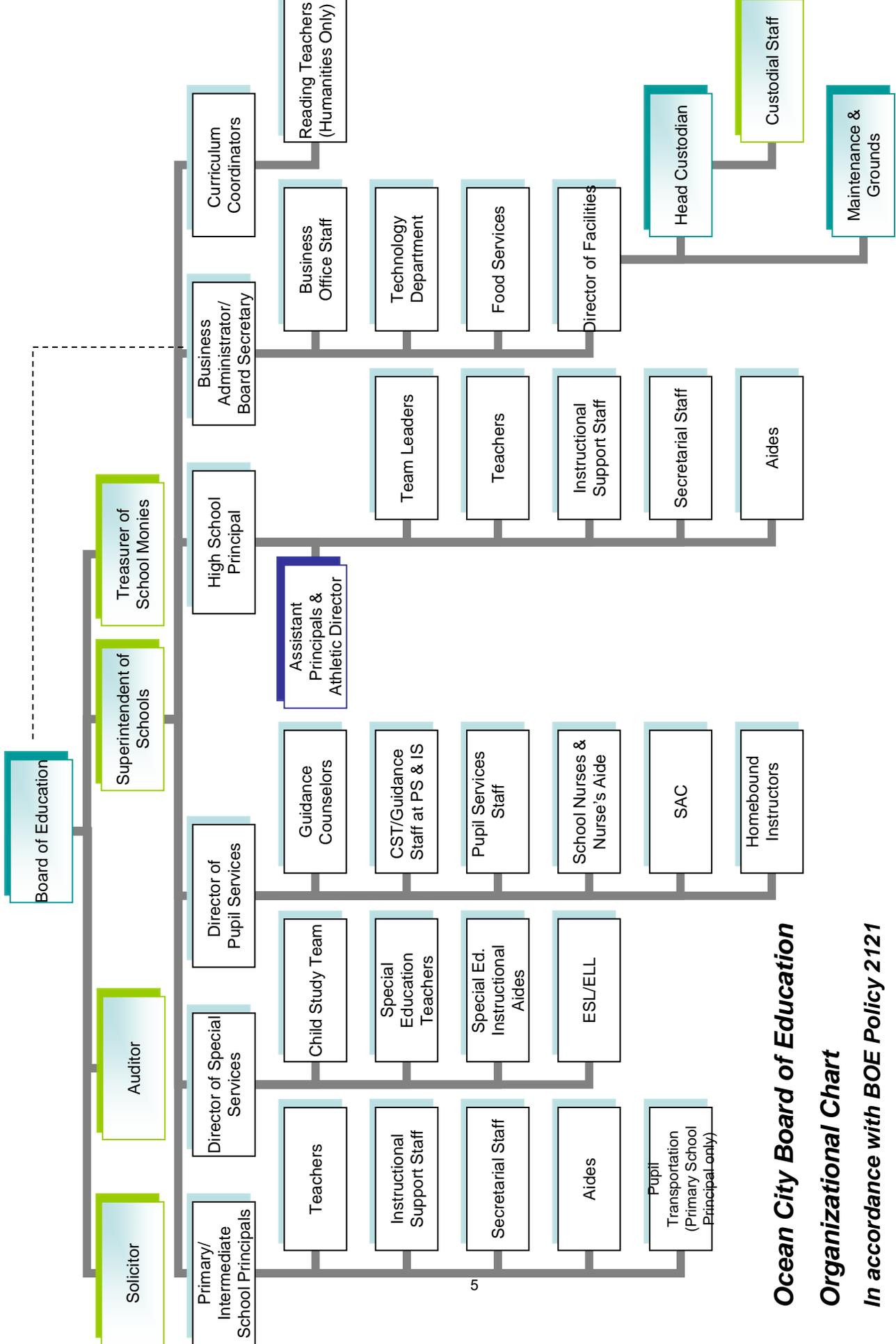
**11. ACKNOWLEDGMENTS:**

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

Respectfully submitted,

*Kathleen Taylor*  
Kathleen Taylor, Ed.D.  
Superintendent of Schools

*Timothy E. Kelley*  
Timothy E. Kelley  
Board Secretary/Business Administrator



**Ocean City Board of Education**  
**Organizational Chart**  
 In accordance with BOE Policy 2121

**CITY OF OCEAN CITY BOARD OF EDUCATION**  
**COUNTY OF CAPE MAY, NEW JERSEY**

**ROSTER OF OFFICIALS**  
**JUNE 30, 2015**

| <b><u>Members of the Board of Education</u></b> | <b><u>Term Expires</u></b> |
|-------------------------------------------------|----------------------------|
| Joseph S. Clark, Jr., President                 | 2018                       |
| Thomas R. Oves, Jr., Vice-President             | 2016                       |
| John D. Batistini                               | 2017                       |
| H. James Bauer                                  | 2016                       |
| J. Tiffany Prettyman                            | 2017                       |
| Cecelia Gallelli- Keyes                         | 2018                       |
| Michael James                                   | 2018                       |
| Jacqueline McAlister                            | 2016                       |
| Gregory Whelan                                  | 2016                       |
| Kristie Chisholm, Upper Township                | 2016                       |
| William Holmes, Upper Township                  | 2016                       |
| Fran Newman, Upper Township                     | 2016                       |

**Other Officials**

Kathleen Taylor, Ed. D., Superintendent of Schools

Timothy E. Kelley, Business Administrator/Board Secretary

Mark A. Ritter – Interim Business Administrator/Board Secretary – through June 2015

Frank Donato, Treasurer – through October 15, 2015

Michael P. Stanton, Esq., Solicitor

**CITY OF OCEAN CITY BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**ARCHITECT**

**RYEBREAD Architects**  
456 High Street  
Mount Holly, New Jersey 08060

**AUDIT FIRM**

**Ford, Scott & Associates, L.L.C.**  
Certified Public Accountants  
1535 Haven Avenue  
P.O. Box 538  
Ocean City, New Jersey 08226-0538

**ATTORNEY**

**Michael P. Stanton, Esq.**  
618 West Avenue  
2<sup>nd</sup> Floor  
Ocean City, New Jersey 08226

**OFFICIAL DEPOSITORIES**

**Ocean City Home Bank**  
1001 Asbury Avenue  
Ocean City, New Jersey 08226

**Bank of America**  
661 Asbury Avenue  
Ocean City, New Jersey 08226

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## **FINANCIAL SECTION**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAYEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710  
[www.ford-scott.com](http://www.ford-scott.com)

## **Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
City of Ocean City School District  
County of Cape May  
Ocean City, 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 City of Ocean City School District, 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

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 City of Ocean City School District, in the County of Cape May, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ocean City School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of federal awards and the schedule of state financial assistance as required by NJ OMB 04-04 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 standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2015 on our consideration of the City of Ocean City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ocean City School District's internal control over financial reporting and compliance.

*Ford, Scott & Associates, L.L.C.*

Ford, Scott & Associates, LLC.  
Certified Public Accountants

*Leon P. Costello*

Leon P. Costello, CPA  
Certified Public Accountant  
Licensed Public School Accountant  
No. 767

**November 27, 2015**

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**REQUIRED SUPPLEMENTARY INFORMATION – PART I**



**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED**

The discussion and analysis of City of Ocean City 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; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- In total, net position increased \$3,740,353, which represents an increase of approximately 12 percent from prior year.
- General revenues accounted for \$34,801,305 in revenue or 76 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$10,993,156 or 24 percent of total revenues of \$45,794,461
- Total assets of governmental activities increased \$1,580,864 as cash and cash equivalents decreased by \$1,991,730, receivables increased by \$806,939, and net capital assets increased by \$2,864,939.
- The School District had \$47,013,625 in expenses; \$16,649,251 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$34,081,305 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$40,141,704 in revenues and \$40,630,777 in expenditures. In addition, \$655,592 was transferred from the General Fund to the Capital Projects Fund to partially fund a project for renovations to the District's primary school. The General Fund's fund balance decreased \$510,927 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 City of Ocean City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**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 ask the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district have 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 instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

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

Fund Financial Statements

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

Governmental Funds

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

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**Reporting the School District's Most Significant Funds (Continued)**

Enterprise Fund

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

**The School District as a Whole**

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

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

Table 1 provides a summary of the School District's net position for 2015 and 2014.

**Table 1  
Net Position**

|                                  | <u>2015</u>          | <u>2014</u>          |
|----------------------------------|----------------------|----------------------|
| Assets                           |                      |                      |
| Current and Other Assets         | \$ 12,436,969        | 13,704,409           |
| Capital Assets                   | 48,031,365           | 45,165,690           |
|                                  | <u>60,468,334</u>    | <u>58,870,099</u>    |
| Deferred Outflows of Resources   |                      |                      |
| Loss on Refunding Bonds          | <u>1,675,848</u>     | <u>1,080,662</u>     |
| Liabilities                      |                      |                      |
| Long-Term Liabilities            | 29,670,805           | 22,509,464           |
| Other Liabilities                | 297,964              | 461,133              |
|                                  | <u>29,968,769</u>    | <u>22,970,597</u>    |
| Deferred Inflows of Resources    |                      |                      |
| Loss on Refunding Bonds          | <u>977,903</u>       |                      |
| Net Position                     |                      |                      |
| Net Investment in Capital Assets | 30,362,135           | 25,400,399           |
| Restricted                       | 11,511,538           | 9,962,939            |
| Unrestricted                     | (10,706,863)         | 1,616,826            |
|                                  | <u>\$ 31,166,810</u> | <u>\$ 36,980,164</u> |

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

The overall increase in net position is the result of the operations in the current year. The variance in the restricted and unrestricted net position is primarily due to the classification of committed balances reflected as restricted in the prior year.

Table 2 shows changes in net position for fiscal year 2015 and 2014

**Table 2  
Changes in Net Position**

|                                                                                         | <u>2015</u>         | <u>2014</u>       |
|-----------------------------------------------------------------------------------------|---------------------|-------------------|
| <b>Revenues</b>                                                                         |                     |                   |
| Program Revenues:                                                                       |                     |                   |
| Charges for Services                                                                    | \$ 10,834,025       | 11,324,883        |
| Operating Grants and Contributions                                                      | 5,815,226           | 4,616,529         |
| General Revenues:                                                                       |                     |                   |
| Property Taxes                                                                          | 24,681,877          | 24,281,572        |
| Grants and Entitlements                                                                 | 9,129,118           | 3,312,246         |
| Other                                                                                   | 410,215             | 731,872           |
| Total Revenues                                                                          | <u>50,870,461</u>   | <u>44,267,102</u> |
| <b>Program Expenses</b>                                                                 |                     |                   |
| Instruction                                                                             | 30,734,536          | 25,516,737        |
| Support Services:                                                                       |                     |                   |
| Tuition                                                                                 | 275,748             | 329,485           |
| Pupils and Instructional Staff                                                          | 5,159,198           | 4,726,324         |
| General and School Administration, Business<br>Operations and Maintenance of Facilities | 8,522,659           | 8,746,313         |
| Pupil Transportation                                                                    | 896,924             | 1,209,151         |
| Special Schools and Charter Schools                                                     | 9,904               | 3,716             |
| Interest on Debt                                                                        | 772,318             | 971,712           |
| Food Service                                                                            | 642,339             | 618,209           |
| Other                                                                                   |                     | 3,275             |
| Total Expenses                                                                          | <u>47,013,626</u>   | <u>42,124,922</u> |
| Increase in Net Position                                                                | <u>\$ 3,856,835</u> | <u>2,142,180</u>  |

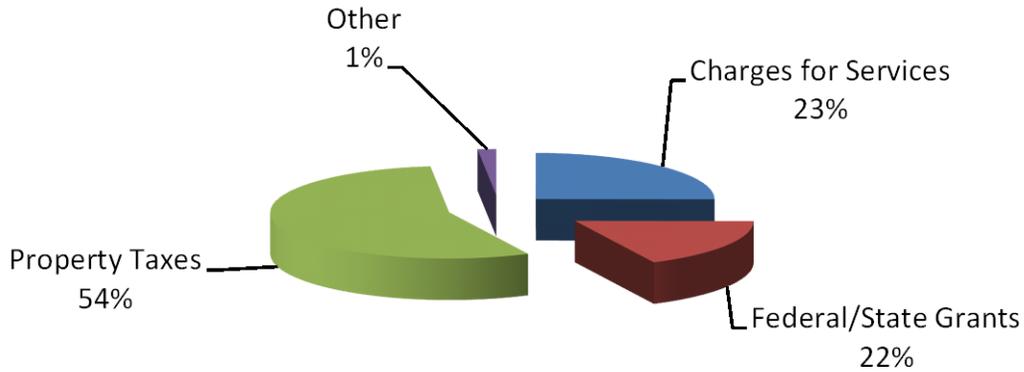
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**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**Governmental Activities**

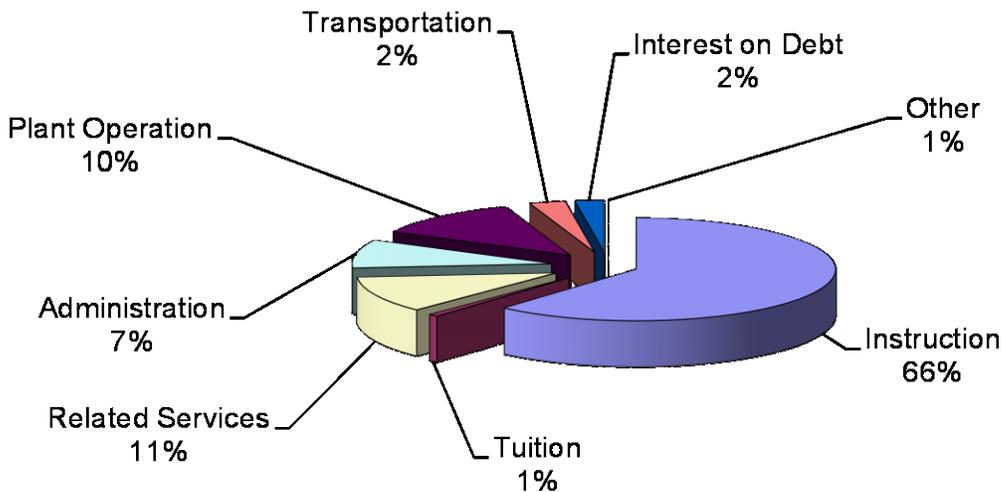
Property taxes made up 54 percent of revenues for governmental activities for the Ocean City School District for fiscal year 2015. The District's total governmental revenues were \$45,794,461 for the year ended June 30, 2015. Charges for services represents 23 percent of revenue and federal, state, and local grants accounted for another 22 percent of revenue.

**Sources of Revenue 2015**



The total cost of all program and services was \$46,371,286. Instruction comprises 66 percent of District expenses

**Expenses for 2015**



**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**Business-Type Activities**

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

- Food service expenses exceeded revenues by \$22,901.
- Charges for services represent \$375,574 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$243,864.

**Governmental Activities**

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

**Table 3**

|                                                 | <u>Total Cost of<br/>Services 2015</u> | <u>Net Cost of<br/>Services 2015</u> | <u>Total Cost of<br/>Services 2014</u> | <u>Net Cost of<br/>Services 2014</u> |
|-------------------------------------------------|----------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|
| Instruction                                     | \$ 30,734,535                          | 14,996,637                           | 25,516,737                             | 11,037,219                           |
| Support Services:                               |                                        |                                      |                                        |                                      |
| Tuition                                         | 275,748                                | 275,748                              | 329,485                                | 329,485                              |
| Pupils and Instructional Staff                  | 5,159,198                              | 4,964,544                            | 4,726,324                              | 4,235,582                            |
| General Administration and<br>Business Services | 1,805,595                              | 1,805,595                            | 1,914,406                              | 1,722,030                            |
| School Administration                           | 1,879,058                              | 1,879,058                            | 1,782,691                              | 1,597,591                            |
| Operation of Plant                              | 4,838,006                              | 4,740,223                            | 5,049,216                              | 5,049,216                            |
| Pupil Transportation                            | 896,924                                | 896,924                              | 1,209,151                              | 1,209,151                            |
| Interest and Finance Charges                    | 772,318                                | 772,318                              | 971,712                                | 971,712                              |
| Other                                           | 9,904                                  | 9,904                                | 6,991                                  | 6,991                                |
| Total Expenses                                  | <u>\$ 46,371,286</u>                   | <u>30,340,951</u>                    | <u>41,506,713</u>                      | <u>26,158,977</u>                    |

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

Tuition is predominately made up of charges for private schools for disabled students.

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 involve keeping the school grounds, buildings, and equipment in an effective working condition.

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

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

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

"Other" includes special schools and a loss on the disposal of capital assets.

None of the variances are unusual or unexpected.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$45,794,461 and expenditures were \$46,947,668. The net decrease in fund balance of operations for the year was \$1,153,207.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

| <u>Revenue</u>  | <u>Amount</u>        | <u>Percent of<br/>Total</u> | <u>Increase<br/>(Decrease)<br/>from 2014</u> | <u>Percent of<br/>Increase<br/>(Decrease)</u> |
|-----------------|----------------------|-----------------------------|----------------------------------------------|-----------------------------------------------|
| Local Sources   | \$ 35,605,197        | 77.8%                       | (421,909)                                    | -1.1%                                         |
| State Sources   | 9,103,271            | 19.9%                       | 2,309,105                                    | 6.1%                                          |
| Federal Sources | 1,085,993            | 2.4%                        | 234,726                                      | 0.6%                                          |
| Total           | <u>\$ 45,794,461</u> | 100.0%                      | <u>2,121,922</u>                             | 5.6%                                          |

The increase in State funding is due to increased extraordinary aid and increased on-behalf TPAF Pension Contributions. The decrease in local sources is mostly due to a decrease in tuition revenue due to adjustments back to sending districts.

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**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2015, and the percentage of increases and decreases in relation to prior year amounts.

| <b>Expenditures</b>               | <b>Amount</b>        | <b>Percent of<br/>Total</b> | <b>Increase<br/>(Decrease)<br/>from 2014</b> | <b>Percent of<br/>Increase<br/>(Decrease)</b> |
|-----------------------------------|----------------------|-----------------------------|----------------------------------------------|-----------------------------------------------|
| Current expense:                  |                      |                             |                                              |                                               |
| Instruction                       | \$ 19,093,520        | 40.7%                       | 44,271                                       | 0.2%                                          |
| Undistributed expenditures        | 20,708,122           | 44.1%                       | 717,853                                      | 3.7%                                          |
| Capital Outlay                    | 4,443,842            | 9.5%                        | 2,550,889                                    | 1026.8%                                       |
| Special Schools & Charter Schools | 9,904                | 0.0%                        | 6,188                                        | 8.5%                                          |
| Debt Service:                     |                      |                             |                                              |                                               |
| Principal                         | 1,895,000            | 4.0%                        | 90,000                                       | 5.5%                                          |
| Interest                          | 797,280              | 1.7%                        | (38,783)                                     | -3.9%                                         |
| Total                             | <u>\$ 46,947,668</u> | 100.0%                      | <u>3,370,418</u>                             | 8.3%                                          |

Changes in expenditures were the results of varying factors. The significant change in Capital Outlay is the result of construction expenses related to the primary school project and expenditures related to the final phases of the HVAC project in the high school.

**General Fund Budgeting Highlights**

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

- The District transferred \$60,000 from the Capital Reserve account to fund the cost of the HVAC project at the high school.
- On-behalf TPAF Pension contributions appear as both a revenue and an expense in the District's financial statements. The State of New Jersey made on behalf TPAF Pension Contributions of \$1,016,783 for FY 2015 and also made on-behalf TPAF post-retirements contributions for the District in the amount of \$1,614,144.
- The State of New Jersey reimbursed the District for TPAF Social Security contributions made during the school year. The amount of \$1,372,823 is reflected as both a revenue and expenditure in the District's financial statements.
- The District expended \$1,230,422 less than the amount originally budgeted for Health Benefits, \$389,745 of the unexpended balance was transferred to other accounts nearing over-expenditure.

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**Capital Assets**

At the end of the fiscal year 2015, the School District had \$48,031,363 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015 balances compared to 2014.

**Table 4  
Capital Assets (Net of Depreciation) at June 30,**

|                                               | <u>2015</u>          | <u>2014</u>       |
|-----------------------------------------------|----------------------|-------------------|
| Land                                          | \$ 879,750           | 879,750           |
| Construction in Progress                      | 5,909,785            | 1,597,900         |
| Land Improvements                             | 217,624              | 207,988           |
| Sites, Buildings and<br>Building Improvements | 40,456,433           | 41,858,067        |
| Machinery and Equipment                       | 567,771              | 621,985           |
| Total                                         | <u>\$ 48,031,363</u> | <u>45,165,690</u> |

The increase in capital assets for construction in progress and other improvements of \$4,535,653 was offset by depreciation expense of \$1,635,661 and the net loss on the disposal of assets of \$35,054.

**Debt Administration**

At June 30, 2015, the School District had \$20,294,852 of outstanding long term liabilities. Of this amount, \$1,657,438 is for compensated absences, and \$18,637,414 of serial bonds net of unamortized premiums on bonds issued.

**Table 5  
Bonded Outstanding Debt at June 30,**

|                               | <u>2015</u>          | <u>2014</u>       |
|-------------------------------|----------------------|-------------------|
| 2005 Refunding Bonds          | \$ 13,385,000        | 14,940,000        |
| 2010 General Obligation Bonds | 1,809,000            | 2,149,000         |
| 2014 General Obligation Bonds | 2,497,000            | 2,497,000         |
| Unamortized Bond Premium      | 946,414              | 1,056,363         |
| Compensated Absences          | 1,657,438            | 1,867,101         |
| Total                         | <u>\$ 20,294,852</u> | <u>22,509,464</u> |

At June 30, 2015, the School District was within its overall legal debt margin.

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**For the Future**

The City of Ocean City School District is in good financial condition presently.

In conclusion, the City of Ocean City 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 to identify operational efficiencies which will allow it to meet the challenges of declining or stable state aid.

**Contacting the School District's 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 Business Administration/Board Secretary at Ocean City Board of Education, 501 Atlantic Avenue, Suite 1, Ocean City, NJ 08226-3891. Please visit our website at [www.oceancityschools.org](http://www.oceancityschools.org).

## **BASIC FINANCIAL STATEMENTS**



## **DISTRICT WIDE FINANCIAL STATEMENTS**

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



**OCEAN CITY SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2015**

|                                             | Governmental<br>Activities | Business-Type<br>Activities | Total             |
|---------------------------------------------|----------------------------|-----------------------------|-------------------|
| <b>ASSETS</b>                               |                            |                             |                   |
| Cash and Cash Equivalents                   | \$ 9,638,983               | 434,464                     | 10,073,447        |
| Receivables, Net                            | 2,293,131                  | 67,779                      | 2,360,910         |
| Internal Balances                           | 449,399                    | (449,399)                   | -                 |
| Inventory                                   |                            | 2,612                       | 2,612             |
| Capital Assets                              |                            |                             |                   |
| Land and Construction in Progress           | 6,789,535                  |                             | 6,789,535         |
| Capital Assets being Depreciated, net       | 41,165,826                 | 76,004                      | 41,241,830        |
| <b>Total Assets</b>                         | <b>60,336,874</b>          | <b>131,460</b>              | <b>60,468,334</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                             |                   |
| Deferred Outflows Related to Pensions       | 707,665                    |                             | 707,665           |
| Loss on Refunding Bonds                     | 968,183                    | -                           | 968,183           |
| <b>Total Deferred Outflows of Resources</b> | <b>1,675,848</b>           | <b>-</b>                    | <b>1,675,848</b>  |
| <b>LIABILITIES</b>                          |                            |                             |                   |
| Accounts Payable                            | 97,148                     | 25,240                      | 122,388           |
| Payable to State Government                 | 45                         |                             | 45                |
| Unearned Revenue                            | 24,671                     | 5,460                       | 30,131            |
| Accrued Interest                            | 176,100                    |                             | 176,100           |
| Noncurrent Liabilities                      |                            |                             |                   |
| Due Within One Year                         | 2,210,000                  |                             | 2,210,000         |
| Due Beyond One Year                         | 18,084,852                 |                             | 18,084,852        |
| Net Pension Liability                       | 9,375,953                  |                             | 9,375,953         |
| <b>Total Liabilities</b>                    | <b>29,968,769</b>          | <b>30,700</b>               | <b>29,999,469</b> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                   |
| Deferred Inflows Related to Pensions        | 977,903                    |                             | 977,903           |
| <b>NET POSITION</b>                         |                            |                             |                   |
| Net Investment in Capital Assets            | 30,286,131                 | 76,004                      | 30,362,135        |
| Restricted for:                             |                            |                             |                   |
| Capital Projects                            | 6,223,537                  |                             | 6,223,537         |
| Other Purposes                              | 5,288,001                  |                             | 5,288,001         |
| Unrestricted (Deficit)                      | (10,731,619)               | 24,756                      | (10,706,863)      |
| <b>Total Net Position (Deficit)</b>         | <b>\$ 31,066,050</b>       | <b>100,760</b>              | <b>31,166,810</b> |

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

**OCEAN CITY SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

| Function/Programs                                                               | Program Revenue   |                           |                      |                                    | Net (Expense) Revenue and Changes in Net Position |                          |                     |
|---------------------------------------------------------------------------------|-------------------|---------------------------|----------------------|------------------------------------|---------------------------------------------------|--------------------------|---------------------|
|                                                                                 | Expenses          | Indirect Costs Allocation | Charges for Services | Operating Grants and Contributions | Governmental Activities                           | Business-Type Activities | Total               |
| <b>Governmental Activities:</b>                                                 |                   |                           |                      |                                    |                                                   |                          |                     |
| Instruction:                                                                    |                   |                           |                      |                                    |                                                   |                          |                     |
| Regular                                                                         | 18,071,767        | 4,517,709                 | 10,458,451           | 3,264,942                          | (8,866,083)                                       | -                        | (8,866,083)         |
| Special Education                                                               | 4,556,949         | 1,139,178                 |                      | 1,660,552                          | (4,035,575)                                       |                          | (4,035,575)         |
| Other Special Instruction                                                       | 1,959,167         | 489,766                   |                      | 353,954                            | (2,094,979)                                       |                          | (2,094,979)         |
| Support Services:                                                               |                   |                           |                      |                                    |                                                   |                          |                     |
| Tuition                                                                         | 275,748           |                           |                      |                                    | (275,748)                                         |                          | (275,748)           |
| Student & Instruction Related Services                                          | 3,950,997         | 1,208,201                 |                      | 194,653                            | (4,964,544)                                       |                          | (4,964,544)         |
| General Administration and Business Services                                    | 757,843           | 232,175                   |                      |                                    | (990,018)                                         |                          | (990,018)           |
| School Administrative Services                                                  | 1,439,013         | 440,045                   |                      |                                    | (1,879,058)                                       |                          | (1,879,058)         |
| Plant Operation and Maintenance                                                 | 3,648,565         | 1,189,441                 |                      | 97,783                             | (4,740,223)                                       |                          | (4,740,223)         |
| Pupil Transportation                                                            | 896,924           |                           |                      |                                    | (896,924)                                         |                          | (896,924)           |
| Central Services                                                                | 624,911           | 190,667                   |                      |                                    | (815,578)                                         |                          | (815,578)           |
| Unallocated Benefits                                                            | 9,407,182         | (9,407,182)               |                      |                                    | (0)                                               |                          | (0)                 |
| Charter Schools                                                                 | 9,904             |                           |                      |                                    | (9,904)                                           |                          | (9,904)             |
| Interest on Long-Term Debt                                                      | 772,318           |                           |                      |                                    | (772,318)                                         |                          | (772,318)           |
| <b>Total Governmental Activities</b>                                            | <b>46,371,286</b> | <b>-</b>                  | <b>10,458,451</b>    | <b>5,571,884</b>                   | <b>(30,340,951)</b>                               | <b>-</b>                 | <b>(30,340,951)</b> |
| <b>Business-Type Activities:</b>                                                |                   |                           |                      |                                    |                                                   |                          |                     |
| Food Service                                                                    | 642,339           | -                         | 375,574              | 243,342                            | -                                                 | (23,423)                 | (23,423)            |
| <b>Total Business-Type Activities</b>                                           | <b>642,339</b>    | <b>-</b>                  | <b>375,574</b>       | <b>243,342</b>                     | <b>-</b>                                          | <b>(23,423)</b>          | <b>(23,423)</b>     |
| <b>Total Primary Government</b>                                                 | <b>47,013,625</b> | <b>-</b>                  | <b>10,834,025</b>    | <b>5,815,226</b>                   | <b>(30,340,951)</b>                               | <b>(23,423)</b>          | <b>(30,364,374)</b> |
| <b>General Revenues:</b>                                                        |                   |                           |                      |                                    |                                                   |                          |                     |
| <b>Taxes:</b>                                                                   |                   |                           |                      |                                    |                                                   |                          |                     |
| Property Taxes, Levied for General Pu                                           |                   |                           |                      |                                    | 21,965,332                                        |                          | 21,965,332          |
| Taxes Levied for Debt Service                                                   |                   |                           |                      |                                    | 2,716,545                                         |                          | 2,716,545           |
| Federal and State Aid not Restricted                                            |                   |                           |                      |                                    | 9,129,118                                         |                          | 9,129,118           |
| Investment Earnings                                                             |                   |                           |                      |                                    | 8,489                                             | 522                      | 9,011               |
| Miscellaneous Income                                                            |                   |                           |                      |                                    | 386,821                                           |                          | 386,821             |
| Transfers                                                                       |                   |                           |                      |                                    | (125,000)                                         | 125,000                  | -                   |
| <b>Special Items:</b>                                                           |                   |                           |                      |                                    |                                                   |                          |                     |
| Bond Sale Premium                                                               |                   |                           |                      |                                    |                                                   | 14,383                   | 14,383              |
| Contributed Fixed Assets                                                        |                   |                           |                      |                                    |                                                   | 139,905                  | 139,905             |
| <b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b> |                   |                           |                      |                                    | <b>34,081,305</b>                                 | <b>116,482</b>           | <b>34,221,210</b>   |
| Change in Net Position                                                          |                   |                           |                      |                                    | 3,740,353                                         |                          | 3,856,835           |
| <b>Net Position (Deficit) - Beginning, As Restated</b>                          |                   |                           |                      |                                    | <b>27,325,697</b>                                 | <b>(15,722)</b>          | <b>27,309,975</b>   |
| <b>Net Position (Deficit) - Ending</b>                                          |                   |                           |                      |                                    | <b>31,066,050</b>                                 | <b>100,760</b>           | <b>31,166,810</b>   |

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

## **FUND FINANCIAL STATEMENTS**

The individual fund financial statements present more detailed information for the individual funds in a format that segregates information by fund type.



**OCEAN CITY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

|                                                                                | General<br>Fund  | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------------------------|------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <b>ASSETS</b>                                                                  |                  |                            |                             |                         |                                |
| Cash and Cash Equivalents                                                      | \$ 7,203,250     | -                          | 2,072,882                   | 362,851                 | 9,638,983                      |
| Due from Other Funds                                                           | 707,288          |                            |                             | 583                     | 707,871                        |
| Receivables from Other Governments                                             | 123,986          | 339,213                    | 1,390,837                   |                         | 1,854,036                      |
| Other Receivables                                                              | 438,676          | 419                        |                             |                         | 439,095                        |
| Total Assets                                                                   | <u>8,473,200</u> | <u>339,632</u>             | <u>3,463,719</u>            | <u>363,434</u>          | <u>12,639,985</u>              |
| <b>LIABILITIES AND FUND BALANCES</b>                                           |                  |                            |                             |                         |                                |
| Liabilities:                                                                   |                  |                            |                             |                         |                                |
| Accounts Payable                                                               | 40,704           | 56,444                     |                             |                         | 97,148                         |
| Due to Other Funds                                                             |                  | 258,472                    |                             |                         | 258,472                        |
| Payable to State Government                                                    |                  | 45                         |                             |                         | 45                             |
| Unearned Revenue                                                               |                  | 24,671                     |                             |                         | 24,671                         |
| Total Liabilities                                                              | <u>40,704</u>    | <u>339,632</u>             | <u>-</u>                    | <u>-</u>                | <u>380,336</u>                 |
| Fund Balances:                                                                 |                  |                            |                             |                         |                                |
| Restricted for:                                                                |                  |                            |                             |                         |                                |
| Excess Surplus - Current Year                                                  | 1,498,895        |                            |                             |                         | 1,498,895                      |
| Excess Surplus - Prior Year - Designated<br>for Subsequent Year's Expenditures | 1,381,088        |                            |                             |                         | 1,381,088                      |
| Capital Projects Fund                                                          |                  |                            | (659,792)                   |                         | (659,792)                      |
| Debt Service                                                                   |                  |                            |                             | 29,835                  | 29,835                         |
| Committed to:                                                                  |                  |                            |                             |                         |                                |
| Capital Reserve                                                                | 2,759,818        |                            |                             |                         | 2,759,818                      |
| Maintenance Reserve                                                            | 1,190,684        |                            |                             |                         | 1,190,684                      |
| Tuition Reserve                                                                | 675,000          |                            |                             |                         | 675,000                        |
| Emergency Reserve                                                              | 355,000          |                            |                             |                         | 355,000                        |
| Assigned to:                                                                   |                  |                            |                             |                         |                                |
| Designated for                                                                 |                  |                            |                             |                         |                                |
| Subsequent Year's Expenditures                                                 |                  |                            |                             | 333,599                 | 333,599                        |
| Other Purposes                                                                 | 95,002           |                            | 4,123,511                   |                         | 4,218,513                      |
| Unassigned                                                                     |                  |                            |                             |                         |                                |
| General Fund                                                                   | 477,009          |                            |                             |                         | 477,009                        |
|                                                                                | <u>8,432,496</u> | <u>-</u>                   | <u>3,463,719</u>            | <u>363,434</u>          | <u>12,259,649</u>              |
| Total Liabilities and Fund Balances                                            | <u>8,473,200</u> | <u>339,632</u>             | <u>3,463,719</u>            | <u>363,434</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 \$66,819,918 and the accumulated depreciation is \$18,864,557. | 47,955,361        |
| Deferred Outflows of Resources - Loss on Refunding Bond Issue is not a resource in the funds and therefore not reported as a debit in the funds.                                                                 | 968,183           |
| Interest on long-term debt in the statement of activities is accrued, regardless of when due.                                                                                                                    | (176,100)         |
| Pension Liabilities Net of Deferred Outflows & Inflows                                                                                                                                                           | (9,646,191)       |
| Long-term liabilities, including bonds and capital lease payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.                                      | (20,294,852)      |
| Net Position of governmental activities                                                                                                                                                                          | <u>31,066,050</u> |

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

**OCEAN CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

|                                                      | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|------------------------------------------------------|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <b>REVENUES</b>                                      |                     |                            |                             |                         |                                |
| Local Sources:                                       |                     |                            |                             |                         |                                |
| Local Tax Levy                                       | \$ 21,965,332       | -                          | -                           | 2,716,545               | 24,681,877                     |
| Tuition Charges                                      | 10,458,451          |                            |                             |                         | 10,458,451                     |
| Interest Earned on Investments                       | 3,000               |                            | 5,489                       |                         | 8,489                          |
| Miscellaneous                                        | 386,821             | 69,559                     |                             |                         | 456,380                        |
| Total Local Sources                                  | 32,813,604          | 69,559                     | 5,489                       | 2,716,545               | 35,605,197                     |
| State Sources                                        | 7,786,424           | 4,900                      | 1,311,946                   |                         | 9,103,271                      |
| Federal Sources                                      | 30,748              | 1,055,245                  |                             |                         | 1,085,993                      |
| Total Revenues                                       | <u>40,630,777</u>   | <u>1,129,704</u>           | <u>1,317,435</u>            | <u>2,716,545</u>        | <u>45,794,461</u>              |
| <b>EXPENDITURES</b>                                  |                     |                            |                             |                         |                                |
| Current:                                             |                     |                            |                             |                         |                                |
| Regular Instruction                                  | 14,033,484          |                            |                             |                         | 14,033,484                     |
| Special Education Instruction                        | 2,701,393           | 837,268                    |                             |                         | 3,538,661                      |
| Other Special Instruction                            | 1,521,375           |                            |                             |                         | 1,521,375                      |
| Support Services:                                    |                     |                            |                             |                         |                                |
| Tuition                                              | 275,748             |                            |                             |                         | 275,748                        |
| Student & Instruction Related Serv.                  | 3,558,415           | 194,653                    |                             |                         | 3,753,069                      |
| General Administrative Services                      | 721,212             |                            |                             |                         | 721,212                        |
| School Administrative Services                       | 1,366,924           |                            |                             |                         | 1,366,924                      |
| Plant Operation and Maintenance                      | 3,694,793           |                            |                             |                         | 3,694,793                      |
| Pupil Transportation                                 | 896,924             |                            |                             |                         | 896,924                        |
| Central Services                                     | 592,272             |                            |                             |                         | 592,272                        |
| Unallocated Employee Benefits                        | 9,407,182           |                            |                             |                         | 9,407,182                      |
| Transfer to Charter School                           | 9,904               |                            |                             |                         | 9,904                          |
| Debt Service:                                        |                     |                            |                             |                         |                                |
| Principal                                            |                     |                            |                             | 1,895,000               | 1,895,000                      |
| Interest and Other Charges                           |                     |                            |                             | 797,280                 | 797,280                        |
| Capital Outlay                                       | 2,362,079           | 97,783                     | 1,983,980                   |                         | 4,443,842                      |
| Total Expenditures                                   | <u>41,141,704</u>   | <u>1,129,704</u>           | <u>1,983,980</u>            | <u>2,692,280</u>        | <u>46,947,668</u>              |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(510,927)</u>    | <u>-</u>                   | <u>(666,545)</u>            | <u>24,265</u>           | <u>(1,153,207)</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                            |                             |                         |                                |
| Bond Proceeds                                        |                     |                            |                             |                         | -                              |
| Premium on Bond Sale                                 |                     |                            |                             |                         | -                              |
| Transfer in                                          |                     |                            | 655,592                     | 5,489                   | 661,081                        |
| Transfer out                                         | (780,592)           |                            | (5,489)                     |                         | (786,081)                      |
| Total Other Financing Sources and Uses               | <u>(780,592)</u>    | <u>-</u>                   | <u>650,103</u>              | <u>5,489</u>            | <u>(125,000)</u>               |
| Net Changes in Fund Balance                          | (1,291,519)         | -                          | (16,442)                    | 29,754                  | (1,278,207)                    |
| Fund Balance - July 1                                | 9,724,015           | -                          | 3,480,161                   | 333,680                 | 13,537,856                     |
| Fund Balance - June 30                               | <u>\$ 8,432,496</u> | <u>-</u>                   | <u>3,463,719</u>            | <u>363,434</u>          | <u>12,259,649</u>              |

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

**OCEAN CITY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2015**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Total Net Change in Fund Balance - Governmental Funds (from B-2)                                                                                                                                                                                                                                                                                                                                                                                                                                              |             | (1,278,207) |
| 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, on 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 current fiscal year.                                                                                                                                                                                                   |             |             |
| Depreciation expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | (1,589,868) |             |
| Loss on Disposal of Capital Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |             |
| Capital Outlay                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 4,454,807   | 2,864,939   |
| Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long - term liabilities in the statement of Net Position and is not reported in the statement of activities.                                                                                                                                                                                                                                                                             |             | 1,895,000   |
| Governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.                                                                                                                                                                                                                     |             |             |
| Amortization of Bond Premium                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 109,950     |             |
| Amortization of Loss on Refunding Bonds                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (112,478)   | (2,528)     |
| Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.                                                                                                                                                                                                                                                                                           |             |             |
| District pension contributions - PERS                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 412,835     |             |
| Cost of benefits earned net of employee contributions                                                                                                                                                                                                                                                                                                                                                                                                                                                         | (388,837)   | 23,998      |
| In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. |             | 209,662     |
| In the statement of activities, interest on long - term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.                                                                                                                                                                                                                                                                                         |             | 27,490      |
| Change in Net Position of Governmental Activities                                                                                                                                                                                                                                                                                                                                                                                                                                                             |             | 3,740,353   |

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

**OCEAN CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2015**

|                                       | Business-Type Activities -<br>Enterprise Fund |                |
|---------------------------------------|-----------------------------------------------|----------------|
|                                       | Food<br>Service                               | Totals         |
| <b>ASSETS</b>                         |                                               |                |
| Current Assets:                       |                                               |                |
| Cash and Cash Equivalents             | 434,464                                       | 434,464        |
| Other Accounts Receivable             | 26,609                                        | 26,609         |
| Intergovernmental Accounts Receivable | 41,170                                        | 41,170         |
| Inventories                           | 2,612                                         | 2,612          |
|                                       | <u>504,855</u>                                | <u>504,855</u> |
| Total Current Assets                  |                                               |                |
| Noncurrent Assets:                    |                                               |                |
| Furniture, Machinery & Equipment      | 215,057                                       | 215,057        |
| Less: Accumulated Depreciation        | (139,053)                                     | (139,053)      |
| Total Noncurrent Assets               | <u>76,004</u>                                 | <u>76,004</u>  |
|                                       | <u>580,859</u>                                | <u>580,859</u> |
| Total Assets                          |                                               |                |
| <b>LIABILITIES</b>                    |                                               |                |
| Current Liabilities:                  |                                               |                |
| Accounts Payable                      | 25,240                                        | 25,240         |
| Interfund Payable                     | 449,399                                       | 449,399        |
| Unearned Revenue                      | 5,460                                         | 5,460          |
|                                       | <u>480,099</u>                                | <u>480,099</u> |
| Total Current Liabilities             |                                               |                |
| <b>NET POSITION</b>                   |                                               |                |
| Net Investment in Capital Assets      |                                               |                |
| Related Debt                          | 76,004                                        | 76,004         |
| Unrestricted                          | 24,756                                        | 24,756         |
|                                       | <u>100,760</u>                                | <u>100,760</u> |
| Total Net Position                    |                                               |                |

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

**OCEAN CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2015**

|                                                | Business-Type Activities -<br>Enterprise Fund |                      |
|------------------------------------------------|-----------------------------------------------|----------------------|
|                                                | Food<br>Service                               | Totals<br>Enterprise |
| Operating Revenues:                            |                                               |                      |
| Charges for Services:                          |                                               |                      |
| Reimbursable Program Daily Sales               | \$ 163,932                                    | 163,932              |
| Other Daily Sales                              | 199,740                                       | 199,740              |
| Special Functions                              | 9,505                                         | 9,505                |
| Vending Machine Commissions                    | 2,397                                         | 2,397                |
|                                                | <u>375,574</u>                                | <u>375,574</u>       |
| Total Operating Revenue                        |                                               |                      |
| Operating Expenses:                            |                                               |                      |
| Cost of Sales                                  | 181,075                                       | 181,075              |
| Salaries and Benefits                          | 398,473                                       | 398,473              |
| Direct Costs                                   | 49,143                                        | 49,143               |
| Depreciation                                   | 13,648                                        | 13,648               |
|                                                | <u>642,339</u>                                | <u>642,339</u>       |
| Total Operating Expenses                       |                                               |                      |
| Operating (Loss)                               | (266,765)                                     | (266,765)            |
| Nonoperating Revenues (Expenses):              |                                               |                      |
| State Sources:                                 |                                               |                      |
| State School Lunch Program                     | 5,279                                         | 5,279                |
| Federal Sources:                               |                                               |                      |
| National School Lunch Program                  | 188,289                                       | 188,289              |
| School Breakfast Program                       | 25,315                                        | 25,315               |
| Food Distribution Program                      | 24,459                                        | 24,459               |
| Interest and Investment Income                 | 522                                           | 522                  |
| Total Nonoperating Revenues (Expenses)         | <u>243,864</u>                                | <u>243,864</u>       |
| Income (Loss) before Contributions & Transfers | (22,901)                                      | (22,901)             |
| Fixed Asset Contributions                      | 14,383                                        | 14,383               |
| Transfers In (Out)                             | <u>125,000</u>                                | <u>125,000</u>       |
| Changes in Net Position                        | 116,482                                       | 116,482              |
| Total Net Position - Beginning                 | <u>(15,722)</u>                               | <u>(15,722)</u>      |
| Total Net Deficit - Ending                     | <u>\$ 100,760</u>                             | <u>100,760</u>       |

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

**OCEAN CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2015**

|                                                                                                                | Business-Type Activities -<br>Enterprise Fund |                      |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------|
|                                                                                                                | Food<br>Service                               | Totals<br>Enterprise |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                    |                                               |                      |
| Receipts from Customers and Other Income                                                                       | 347,661                                       | 347,661              |
| Payments for Food and Supplies                                                                                 | (299,442)                                     | (299,442)            |
| Payments for Employees and Benefits                                                                            | (494,657)                                     | (494,657)            |
| Net Cash Provided by Operating<br>Activities                                                                   | <u>(446,438)</u>                              | <u>(446,438)</u>     |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>                                                     |                                               |                      |
| State Sources                                                                                                  | 5,318                                         | 5,318                |
| Federal Sources                                                                                                | 237,809                                       | 237,809              |
| Interfunds                                                                                                     | 125,000                                       | 125,000              |
| Net Cash Provided by Noncapital<br>Financing Activities                                                        | <u>368,127</u>                                | <u>368,127</u>       |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                                                     |                                               |                      |
| Interest and Dividends                                                                                         | 522                                           | 522                  |
| Net Cash Provided by Investing<br>Activities                                                                   | <u>522</u>                                    | <u>522</u>           |
| Net Increase in Cash and Cash<br>Equivalents                                                                   | (77,789)                                      | (77,789)             |
| Balance - Beginning of Year                                                                                    | 512,253                                       | 512,253              |
| Balance - End of Year                                                                                          | <u>434,464</u>                                | <u>434,464</u>       |
| <b>Reconciliation of Operating Income (Loss) to Net<br/>Cash Provided (Used) by Operating Activities:</b>      |                                               |                      |
| Operating Income                                                                                               | (266,765)                                     | (266,765)            |
| Adjustments to Reconcile Operating Income(Loss) to<br>Net Cash Provided by (Used for) Operating<br>Activities: |                                               |                      |
| Depreciation and Net Amortization                                                                              | 13,648                                        | 13,648               |
| Food Distribution Program                                                                                      |                                               | -                    |
| (Increase) Decrease Accounts Receivable                                                                        | 1,953                                         | 1,953                |
| (Increase) Decrease in Inventories                                                                             | 21                                            | 21                   |
| Increase (Decrease) in Accounts Payable                                                                        | (71,198)                                      | (71,198)             |
| Increase (Decrease) in Unearned Revenue                                                                        | (27,913)                                      | (27,913)             |
| Increase (Decrease) in Interfunds                                                                              | (96,184)                                      | (96,184)             |
| Total Adjustments                                                                                              | <u>(179,673)</u>                              | <u>(179,673)</u>     |
| Net Cash Provided by (Used for) Operating<br>Activities                                                        | <u>(446,438)</u>                              | <u>(446,438)</u>     |

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

**OCEAN CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Position**  
**June 30, 2015**

|                                                             | <u>Unemployment<br/>Compensation</u> | <u>Private Purpose<br/>Scholarship Fund</u> | <u>Agency<br/>Fund</u> |
|-------------------------------------------------------------|--------------------------------------|---------------------------------------------|------------------------|
| <b>ASSETS</b>                                               |                                      |                                             |                        |
| Cash and Cash Equivalents                                   | \$ 187,303                           | 79,342                                      | 376,248                |
| Investments, at Fair Value:                                 |                                      |                                             |                        |
| Certificates of Deposit                                     | 177,302                              | 6,773                                       | 31,448                 |
| Total Investments                                           | <u>177,302</u>                       | <u>6,773</u>                                | <u>31,448</u>          |
| Interfund Receivable                                        | 27,888                               | -                                           | -                      |
| Total Assets                                                | <u>392,493</u>                       | <u>86,115</u>                               | <u>407,696</u>         |
| <b>LIABILITIES</b>                                          |                                      |                                             |                        |
| Accounts Payable                                            | 12,828                               |                                             |                        |
| Payable to Student Groups                                   |                                      |                                             | 301,702                |
| Interfunds Payable                                          |                                      |                                             | 27,888                 |
| Payroll Deductions and Withholdings                         |                                      |                                             | 78,106                 |
| Total Liabilities                                           | <u>12,828</u>                        | <u>-</u>                                    | <u>407,696</u>         |
| <b>NET POSITION</b>                                         |                                      |                                             |                        |
| Held in Trust for Unemployment<br>Claims and Other Purposes | <u>\$ 379,665</u>                    |                                             |                        |
| Reserved for Scholarships                                   |                                      | <u>86,115</u>                               |                        |

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

**OCEAN CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2015**

|                                      | <u>Unemployment<br/>Compensation</u> | <u>Private Purpose<br/>Scholarship Fund</u> |
|--------------------------------------|--------------------------------------|---------------------------------------------|
| <b>ADDITIONS</b>                     |                                      |                                             |
| Contributions:                       |                                      |                                             |
| Plan Member                          | 32,181                               | -                                           |
| Other                                | -                                    | 124,600                                     |
| Total Contributions                  | <u>32,181</u>                        | <u>124,600</u>                              |
| Investment Earnings:                 |                                      |                                             |
| Interest                             | <u>312</u>                           | <u>151</u>                                  |
| Total Additions                      | <u>32,493</u>                        | <u>124,751</u>                              |
| <b>DEDUCTIONS</b>                    |                                      |                                             |
| Unemployment Claims                  | 34,942                               | -                                           |
| Scholarships Awarded                 | -                                    | 131,750                                     |
| Total Deductions                     | <u>34,942</u>                        | <u>131,750</u>                              |
| Changes in Net Position              | (2,449)                              | (6,999)                                     |
| Net Position - Beginning of the Year | 382,114                              | 93,114                                      |
| Net Position - End of the Year       | <u><u>379,665</u></u>                | <u><u>86,115</u></u>                        |

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

**NOTES TO THE FINANCIAL STATEMENTS**



**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Ocean City School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Ocean City 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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

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

**A. REPORTING ENTITY**

The Ocean City School District is a Type II district located in the County of Cape May, 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 members are elected during the general election held in November each year. As a receiving district for high school students from Upper Township, Upper Township is provided with Board representation to vote on issues related to Ocean City High School. The purpose of the district is to educate students in grades K-12. The Ocean City School District had an enrollment at June 30, 2015 of 2,152 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental 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

Based on the aforementioned criteria, the District has no component units.

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program is classified as business-type activities.

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In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a single column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

**1. Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.
  
- d. **Debt service** funds are 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.

**Fund Balances – Governmental Funds**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**2. Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes

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fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district.

**3. Fiduciary Funds:**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection

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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.

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

**2. Investments:**

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

**3. Inventories:**

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2015, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

|          |    |       |
|----------|----|-------|
| Food     | \$ | 2,433 |
| Supplies |    | 183   |
|          | \$ | 2,616 |

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2015 is \$1,123.

**4. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

|                         |             |
|-------------------------|-------------|
| Buildings               | 20-50 years |
| Machinery and equipment | 5-10 years  |
| Improvements            | 10-20 years |
| Infrastructure Assests  | 50-65 years |

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

**5. Revenues:**

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance

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of taxes in the amount 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. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

**6. Expenditures:**

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

**7. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**8. Interfund Activity:**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**9. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year

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and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

Significant transfers approved by the Board of Education during the fiscal year were as follows:

|                                                         |           |
|---------------------------------------------------------|-----------|
| Regular Programs-Instruction                            |           |
| Grades 1-5 Salaries of Teachers                         | 74,100    |
| Grades 6-8 Salaries of Teachers                         | (81,000)  |
| Special Education-Learning and/or Language Disabilities |           |
| Salaries of Teachers                                    | (75,000)  |
| Undistributed Expenditures-Required Maint. Schoo Fac.   |           |
| General Supplies                                        | 93,000    |
| Unallocated Benefits-Employee Benefits                  |           |
| Health Benefits                                         | (389,745) |

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**10. 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. The final cost is based on an agreement with various Boards of Education with a negotiated amount up to the final cost as determined by State of New Jersey.

**11. Tuition Payable:**

Tuition charges for the fiscal years 2014/15 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**12. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

**13. Allocation of Costs:**

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

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**F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issues Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of the GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016 establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the District's financial reporting.

**NOTE 2 – CASH**

**Custodial Credit Risk—Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2015, \$728,139 of the District's bank balance of \$12,959,212 was exposed to custodial credit risk.

**NOTE 3 - INVESTMENTS**

As of June 30, 2015, the District had the following investments:

|                        | <u>Maturities</u> | <u>Fair Value</u> |
|------------------------|-------------------|-------------------|
| Certificate of Deposit | January 8, 2016   | \$ 13,891         |
| Certificate of Deposit | June 1, 2015      | 17,557            |
| Total                  |                   | <u>\$ 31,448</u>  |

**Interest Rate Risk.** The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

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**Credit Risk.** New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The district places no limit on the amount the district may invest in any one issuer.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2015, consisted of accounts (extraordinary services), interfund, intergovernmental, and other revenues. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

|                                    | Governmental<br>Fund<br>Financial<br>Statements | Government<br>Wide<br>Financial<br>Statements |
|------------------------------------|-------------------------------------------------|-----------------------------------------------|
| State Aid                          | \$ 1,854,036                                    | 2,360,910                                     |
| Federal Aid                        |                                                 |                                               |
| Due from Other Funds               | 707,871                                         |                                               |
| Other                              | 439,095                                         |                                               |
| Gross Receivables                  | 3,001,002                                       | 2,360,910                                     |
| Less: Allowance for Uncollectibles |                                                 |                                               |
| Total Receivables, Net             | <u>\$ 3,001,002</u>                             | <u>2,360,910</u>                              |

**NOTE 5 – INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to (1) move investment income earned in the Capital Projects Fund that is required to be expended in the Debt Service Fund; (2) repay expenses paid by another fund; and (3) make a Board contribution to the Unemployment Compensation Trust Fund; and (4) transfer federal and state food subsidies received in the General Fund to the Food Service Fund.

The following interfund balances remained on the fund financial statements at June 30, 2015:

| Fund                  | Interfund<br>Receivable | Interfund<br>Payable |
|-----------------------|-------------------------|----------------------|
| General Fund          | \$ 707,288              |                      |
| Special Revenue Fund  |                         | 258,472              |
| Capital Projects Fund |                         |                      |
| Debt Service Fund     | 583                     |                      |
| Food Service Fund     | -                       | 449,399              |
| Payroll Agency Fund   | -                       |                      |
|                       | <u>\$ 707,871</u>       | <u>707,871</u>       |

The general fund receivable is comprised of three interfunds. The first is due from the special revenue fund in the amount of \$258,472 which is a result of the general fund paying expenses for the special revenue fund. The second interfund of \$449,399 owed to the General Fund from the Food Service Fund for expenses paid by the general fund on behalf of the food service fund. The third interfund was created

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for interest earned in the Capital Projects Fund and for remaining proceeds in completed projects funded by debt.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

|                                                                         | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Disposals</u>   | <u>Ending<br/>Balance</u> |
|-------------------------------------------------------------------------|------------------------------|------------------|--------------------|---------------------------|
| <b>Governmental activities:</b>                                         |                              |                  |                    |                           |
| Capital assets, not being depreciated:                                  |                              |                  |                    |                           |
| Land                                                                    | \$ 879,750                   |                  |                    | 879,750                   |
| Construction in Progress                                                | 1,597,900                    | 4,311,885        | -                  | 5,909,785                 |
| Total capital assets not being depreciated                              | <u>2,477,650</u>             | <u>4,311,885</u> | <u>-</u>           | <u>6,789,535</u>          |
| Capital assets being depreciated:                                       |                              |                  |                    |                           |
| Land Improvements                                                       | 480,560                      | 74,511           |                    | 555,071                   |
| Buildings and building improvements                                     | 56,976,082                   | 17,300           |                    | 56,993,382                |
| Machinery and Equipment                                                 | 3,579,586                    | 131,957          | (1,229,613)        | 2,481,930                 |
| Total capital assets being depreciated at historical cost               | <u>61,036,228</u>            | <u>4,535,653</u> | <u>(1,229,613)</u> | <u>60,030,383</u>         |
| Less accumulated depreciation for:                                      |                              |                  |                    |                           |
| Land Improvements                                                       | (272,572)                    | (64,875)         |                    | (337,447)                 |
| Buildings and improvements                                              | (15,118,015)                 | (1,418,934)      |                    | (16,536,949)              |
| Equipment                                                               | (3,032,869)                  | (151,852)        | 1,194,559          | (1,990,162)               |
| Total capital assets being depreciated, net of accumulated depreciation | <u>42,612,772</u>            | <u>2,899,992</u> | <u>(35,054)</u>    | <u>41,165,825</u>         |
| Governmental activity capital assets, net                               | <u>45,090,422</u>            | <u>7,211,877</u> | <u>(35,054)</u>    | <u>47,955,360</u>         |
| <b>Business-type activities:</b>                                        |                              |                  |                    |                           |
| Capital assets being depreciated:                                       |                              |                  |                    |                           |
| Equipment                                                               | 369,509                      | 14,383           | (168,835)          | 215,057                   |
| Less accumulated depreciation                                           | (294,241)                    | (13,648)         | 168,835            | (139,054)                 |
| Enterprise Fund capital assets, net                                     | <u>75,268</u>                | <u>735</u>       | <u>-</u>           | <u>76,003</u>             |
| Grand Total                                                             | <u>\$ 45,165,690</u>         | <u>7,212,612</u> | <u>(35,054)</u>    | <u>48,031,363</u>         |

Depreciation expense was charged to governmental functions:

|                                              |                     |
|----------------------------------------------|---------------------|
| Regular Instruction                          | \$ 874,031          |
| Special Education Instruction                | 220,394             |
| Other Special Instruction                    | 95,754              |
| Student and Instruction Related Services     | 233,748             |
| School Administrative Services               | 85,135              |
| General and Business Administrative Services | 44,918              |
| Central Services                             | 36,888              |
|                                              | <u>\$ 1,590,868</u> |

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No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$797,280, for the entity wide statements this was modified by the change in accrued interest of (\$27,490); an amortization of premium on bond sale of (\$109,949); an amortization of loss on refunding \$112,478 and the state charge back to the District for debt service aid of \$150,466 for a total charge of \$772,318.

**NOTE 7 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2015 are as follows:

|                      | Balance<br>July 1, 2014 | Issues or<br>Additions | Payments or<br>Expenditures | Balance<br>June 30, 2015 | Amounts Due<br>Within<br>One Year |
|----------------------|-------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Compensated Absences | \$ 1,867,101            | 76,025                 | 285,688                     | 1,657,438                | -                                 |
| Bonds Payable        | 19,586,000              |                        | 1,895,000                   | 17,691,000               | 2,210,000                         |
| Unamortized Costs:   |                         |                        |                             |                          |                                   |
| Bond Premiums        | 1,056,363               | -                      | 109,949                     | 946,414                  | 115,960                           |
|                      | <u>\$ 22,509,464</u>    | <u>76,025</u>          | <u>2,290,637</u>            | <u>20,294,852</u>        | <u>2,325,960</u>                  |

Compensated absences have been liquidated in the General Fund.

Bonds Payable

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

At June 30, 2015 bonds payable consisted of the following issues:

\$19,510,000 School Refunding Bonds dated September 1, 2005, due in annual installments through April 1, 2022, bearing interest at rates ranging from 4.00% to 5.00%. The balance remaining as of June 30, 2015 is \$13,185,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds of \$1,411,223. The difference is reported in the entity wide governmental-activities as a deferred outflow of resources and is being charged as an adjustment to interest expense in the statement of activities. The amount charged to interest in the year ended June 30, 2015 is \$112,478 and the remaining deferred outflow of resources is \$968,183.

\$3,469,000 School Bonds dated February 24, 2012, due in annual installments through September 15, 2019, bearing interest at rates ranging from 2.00% to 3.00%. The balance remaining as of June 30, 2015 is \$1,809,000.

\$2,497,000 School Bonds dated May 15, 2014, due in annual installments through May 15, 2024, bearing interest at rates ranging from 1.00% to 2.25%. The balance remaining as of June 30, 2015 is \$2,497,000.

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Debt service requirements on serial bonds payable at June 30, 2015 are as follows:

| Fiscal Year Ending<br>June 30, | Principal            | Interest         | Total             |
|--------------------------------|----------------------|------------------|-------------------|
| 2016                           | 2,210,000            | 715,108          | 2,925,108         |
| 2017                           | 2,320,000            | 623,414          | 2,943,414         |
| 2018                           | 2,430,000            | 525,960          | 2,955,960         |
| 2019                           | 2,550,000            | 423,110          | 2,973,110         |
| 2020                           | 2,694,000            | 312,160          | 3,006,160         |
| 2021-2024                      | 5,487,000            | 399,425          | 5,886,425         |
|                                | <b>\$ 17,691,000</b> | <b>2,999,177</b> | <b>20,690,177</b> |

**NOTE 8 – OPERATING LEASES**

The District has commitments to lease certain office equipment under operating leases that expire in fiscal year 2016. Total operating lease payments made during the year ended June 30, 2015 were \$140,647. Future minimum lease payments are as follows:

| Year Ending June 30,                | Principal         |
|-------------------------------------|-------------------|
| 2016                                | 73,439            |
| 2017                                | 68,244            |
| 2018                                | -                 |
| Total future minimum lease payments | <b>\$ 141,683</b> |

**NOTE 9 – UNEARNED REVENUE**

The District has unearned revenue reflected on the Statement of Net Position in the District-Wide Financial Statements of \$30,131. This consists of unearned revenue of \$24,671 in the special revenue fund which is made up of grant proceeds on hand where the grant period overlaps the district's fiscal year and encumbrances payable at year end and \$5,460 in the food service fund for student meals prepaid.

**NOTE 10 – 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 Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts/achive.htm>.

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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 Employees' 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.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District has no employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2015.

Funding Policy

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 6.92% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.92% and the PERS rate is 6.92% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2015, 2014 and 2013 were \$1,016,783, \$802,995 and \$1,291,667 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2015, 2014 and 2013 were \$412,835, \$396,889 and \$488,020 respectively, equal to the required contributions for each year.

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The Board's total payroll for the year ended June 30, 2015 was \$22,214,343. The TPAF covered payroll was \$18,854,793 and the PERS covered payroll was \$3,359,550. Information for prior years was not available.

During the fiscal years ended June 30, 2015, 2014 and 2013, the State of New Jersey contributed \$1,614,144, \$1,316,611 and \$1,460,549, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,372,823, \$1,308,788, and \$1,439,693, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB standards.

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 1/60 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

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period

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for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTE 11 – PUBLIC EMPLOYEES RETIREMENT SYSTEM**

At June 30, 2015, the District reported a liability of \$9,375,953 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District's proportion was 0.500779018%, which was a decrease of 4.93% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$388,837. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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|                                                                                                                  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expensed and actual experience                                                               |                                           |                                          |
| Changes of assumptions                                                                                           | \$ 294,830                                |                                          |
| Net difference between projected and actual earnings<br>on pension plan investments                              |                                           | 558,756                                  |
| Changes in proportion and differences between District<br>contributions and proportionate share of contributions |                                           | 419,147                                  |
| District contributions subsequent to the measurement date                                                        | <u>412,835</u>                            |                                          |
| Total                                                                                                            | <u>\$ 707,665</u>                         | <u>977,903</u>                           |

\$412,835 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (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:

| <u>Year ended<br/>June 30,</u> |    |                  |
|--------------------------------|----|------------------|
| 2016                           | \$ | (238,026)        |
| 2017                           |    | (238,026)        |
| 2018                           |    | (238,026)        |
| 2019                           |    | (238,026)        |
| 2020                           |    | 186,827          |
| Thereafter                     |    | <u>82,204</u>    |
| Total                          | \$ | <u>(683,073)</u> |

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation 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 assumptions, applied to all period 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%                        |

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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 Projections 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.

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:

| Asset Class                 | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|----------------------------------------|
| 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%                                  |

*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, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage point higher (6.39%) than the current rate:

|                                                             | 1%<br>Decrease<br>(4.39%) | Current Discount<br>Rate<br>(5.39%) | 1%<br>Increase<br>(6.39%) |
|-------------------------------------------------------------|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ 11,795,268             | 9,375,953                           | 7,344,344                 |

*Pension plan fiduciary net position.*

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

**NOTE 12 – TEACHERS PENSION AND ANNUITY FUND (TPAF)**

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

|                                                                                        |                       |
|----------------------------------------------------------------------------------------|-----------------------|
| District's proportionate share of the net pension liability                            | \$ -                  |
| State's proportionate share of the net position liability associated with the District | <u>101,449,991</u>    |
| Total                                                                                  | <u>\$ 101,449,991</u> |

The net pension liability was measured as of June 30, 2014 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the District's proportion was 0.1898150958%, which was a decrease of 5.05% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$5,458,962 and revenue of \$5,458,962 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

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|                                                                                                                  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expensed and actual experience                                                               | \$ -                              | 41,417                           |
| Changes of assumptions                                                                                           | 4,348,516                         |                                  |
| Net difference between projected and actual earnings<br>on pension plan investments                              |                                   | 3,282,631                        |
| Changes in proportion and differences between District<br>contributions and proportionate share of contributions |                                   | 5,255,212                        |
| District contributions subsequent to the measurement date                                                        | <u>\$ 1,016,783</u>               |                                  |
| Total                                                                                                            | <u>\$ 5,365,299</u>               | <u>8,579,259</u>                 |

\$1,016,783 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (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:

| Year ended<br>June 30, |                          |
|------------------------|--------------------------|
| 2016                   | \$ 1,017,466             |
| 2017                   | 1,017,466                |
| 2018                   | 1,017,466                |
| 2019                   | 1,017,466                |
| 2020                   | (2,371,602)              |
| Thereafter             | (5,929,004)              |
| Total                  | <u>\$ (4,230,742.98)</u> |

*Actuarial assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following assumptions, applied to all period included in the measurement:

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

Mortality rates 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 from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of

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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.

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:

| Asset Class                 | Target Allocation | Long-Term Expected Real Rate of Return. |
|-----------------------------|-------------------|-----------------------------------------|
| 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%                                   |

*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.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.68% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.68%) or 1-percentage point higher (5.68%) than the current rate:

|                                                                | 1%<br>Decrease<br>(3.68%) | Current Discount<br>Rate<br>(4.68%) | 1%<br>Increase<br>(5.68%) |
|----------------------------------------------------------------|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of<br>the net pension liability | \$ -                      | -                                   | -                         |

*Pension plan fiduciary net position.*

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

**NOTE 13 – POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program (“the SHBP”), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits 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, PO Box 295, Trenton, New Jersey, 08625.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. 2008, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126 which provides free health benefits for members PERS and the Alternative 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 14 – COMPENSATED ABSENCES**

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

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the Food Service Enterprise Fund.

**NOTE 15 – DEFERRED COMPENSATION**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

|                                   |                                      |
|-----------------------------------|--------------------------------------|
| Vanguard Fiduciary Trust Co.      | The Equitable                        |
| Lincoln Life                      | Retirement Annuity Consultants, Inc. |
| Lincoln Investment Planning, Inc. | Thomas Seely Agency                  |
| Washington National Insurance Co. | Siracusa Benefits Program            |
| Prudential Investments            |                                      |

**NOTE 16 – CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by City of Ocean City Board of Education by the inclusion of \$1.00 on September 27, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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-2.13(g) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

|                                             |    |                  |                         |
|---------------------------------------------|----|------------------|-------------------------|
| Beginning balance, July 1, 2014             |    | \$               | 1,823,988               |
| Deposits                                    |    |                  |                         |
| Interest earned                             | \$ | 1,000            |                         |
| Board Resolution - June                     |    | <u>1,650,000</u> |                         |
|                                             |    |                  | <u>1,651,000</u>        |
| Withdrawals:                                |    |                  |                         |
| Transfer to Capital Outlay by Resolution    |    |                  | (60,000)                |
| Transfer to Capital Projects Fund by Budget |    |                  | <u>(655,170)</u>        |
| Ending balance, June 30, 2015               |    | \$               | <u><u>2,759,818</u></u> |

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 17 – MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the Ocean City Board of Education for the accumulation of funds for use as required maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

|                                                |                           |
|------------------------------------------------|---------------------------|
| Beginning balance, July 1, 2014                | \$ 739,684.               |
| Budgeted Increase – FY 2015                    | 1,000.                    |
| Excess Surplus Transfer by<br>Board Resolution | 450,000                   |
| Withdrawals:                                   |                           |
| Total Withdrawals                              |                           |
| Ending balance, June 30, 2015                  | <u><u>\$1,190,684</u></u> |

**NOTE 18 – TUITION RESERVE ACCOUNT**

A tuition reserve account was established by the Ocean City Board of Education in accordance with N.J.A.C. 6A:23-3.1(f)(8). This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective year. The tuition reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

|                                                |                         |
|------------------------------------------------|-------------------------|
| Beginning balance, July 1, 2014                | \$ 1,575,000            |
| Budgeted Increase – FY 2015                    |                         |
| Excess Surplus Transfer by<br>Board Resolution |                         |
| Withdrawals:                                   |                         |
| Per Approved Budget:                           | <u>900,000</u>          |
| Ending balance, June 30, 2015                  | <u><u>\$675,000</u></u> |

Of the balance of \$1,575,000 in the reserve; \$800,000. was appropriated for tuition adjustments in the FY 2015 district budget and \$675,000 is available to be appropriated in the FY 2016 budget for tuition adjustments.

**OCEAN CITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 19 – EMERGENCY RESERVE ACCOUNT**

An emergency reserve account was established by the Ocean City Board of Education for the accumulation of funds for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

|                                 |                         |
|---------------------------------|-------------------------|
| Beginning balance, July 1, 2014 | \$ 354,000              |
| Budgeted Increase – FY 2015     | 1,000                   |
| Withdrawals:                    | None                    |
| Total Withdrawals               |                         |
| Ending balance, June 30, 2015   | <u><u>\$355,000</u></u> |

**NOTE 20 – COMMITMENTS**

The District did not have an encumbrance policy for the fiscal year end to determine significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund or Committed Fund Balance in the Capital Projects Fund. Encumbrances in the Special Revenue Fund are reflected as unearned revenue. Encumbrances at June 30<sup>th</sup> are as follows;

| Fund                                     | Amount                   |
|------------------------------------------|--------------------------|
| General Fund Encumbered Orders           | \$ 95,002                |
| Special Revenue Fund - Encumbered Orders | 6,090                    |
|                                          | <u><u>\$ 101,092</u></u> |

Of the general fund encumbrances, \$55,653 is for capital outlay.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 21 – 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 and surety bonds.

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

| <u>Fiscal Year</u> | <u>Employee Contributions</u> | <u>Interest on Investments</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|-------------------------------|--------------------------------|--------------------------|-----------------------|
| 2014-2015          | \$ 4,294                      | 294                            | 34,942                   | 351,760               |
| 2013-2014          | 56,716                        | 307                            | 65,377                   | 382,114               |
| 2012-2013          | 11,011                        | 397                            | 13,649                   | 390,468               |

**NOTE 22 – CONTINGENT LIABILITIES**

Federal and State Grants

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

**NOTE 23 – FUND BALANCE APPROPRIATED**

General Fund – Of the \$8,767,259 General Fund fund balance, at June 30, 2015, \$95,002 is reserved for encumbrances; \$1,381,088 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$1,498,895 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2015), \$2,759,818 has been reserved in the Capital Reserve Account; \$1,190,684 has been reserved in a Maintenance Reserve Account; \$675,000 has been reserved in a Tuition Reserve Account; \$355,000 has been reserved in an Emergency Reserve Account; and \$811,772 is classified as Unassigned.

**NOTE 24 – CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, c.73, the designation for Reserved Fund Balance – Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$2,879,983, of which \$1,381,088 has been included in the 2016 fiscal year budget.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 25 – LITIGATION**

As of the date of this report, the Ocean City Board of Education is currently involved in various matters of litigation. In all cases if it is believed that the outcome, or exposure to the Board of Education, from such litigation is either unknown or potential losses, if any would not be material to the financial statements.

**NOTE 26 – ECONOMIC DEPENDENCY**

The District receives support from the federal and state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the District’s programs and activities.

**NOTE 27 – RESTATEMENT OF PRIOR YEAR BALANCES**

Net position has been restated as required by the implementation of GAS 68, as discussed in notes 11 and 12 above.

|                                                                              |                             |
|------------------------------------------------------------------------------|-----------------------------|
| <b>Beginning net position as previously reported at June 30, 2014</b>        | \$ 36,995,886               |
| Prior period adjustment - Implementation GASB 68                             |                             |
| Net pension liability (measurement date)                                     | (10,067,078)                |
| Deferred outflows - District's contributions made during<br>fiscal year 2014 | <u>396,889</u>              |
| Total prior period adjustment                                                | <u>(9,670,189)</u>          |
| <b>Net position as restated, July 1, 2014</b>                                | <u><u>\$ 27,325,697</u></u> |

**NOTE 28 – SUBSEQUENT EVENT**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2015 through November 27, 2015, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



**BUDGETARY COMPARISON SCHEDULES**



**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

|                                                    | Original<br>Budget | Budget<br>Transfers | Final Budget      | Actual            | Variance with<br>Under/(Over)<br>Final Budget<br>to Actual |
|----------------------------------------------------|--------------------|---------------------|-------------------|-------------------|------------------------------------------------------------|
| <b>REVENUES:</b>                                   |                    |                     |                   |                   |                                                            |
| Local Sources:                                     |                    |                     |                   |                   |                                                            |
| Local Tax Levy                                     | \$ 21,965,332      |                     | 21,965,332        | 21,965,332        | -                                                          |
| Tuition                                            | 10,970,021         |                     | 10,970,021        | 10,458,451        | (511,570)                                                  |
| Interest Earned on Maintenance Reserve             | 1,000              |                     | 1,000             | 1,000             | -                                                          |
| Interest Earned on Emergency Reserve               | 1,000              |                     | 1,000             | 1,000             | -                                                          |
| Interest Earned on Capital Reserve                 | 1,000              |                     | 1,000             | 1,000             | -                                                          |
| Unrestricted Miscellaneous                         | 242,388            |                     | 242,388           | 386,821           | 144,433                                                    |
| Total Local Sources                                | <u>33,180,741</u>  | <u>-</u>            | <u>33,180,741</u> | <u>32,813,604</u> | <u>(367,137)</u>                                           |
| State Sources:                                     |                    |                     |                   |                   |                                                            |
| Categorical Special Education Aid                  | 664,280            |                     | 664,280           | 664,280           | -                                                          |
| School Choice Aid                                  | 2,682,050          |                     | 2,682,050         | 2,682,050         | -                                                          |
| Security Aid                                       | 159,991            |                     | 159,991           | 159,991           | -                                                          |
| Transportation Aid                                 | 232,648            |                     | 232,648           | 232,648           | -                                                          |
| Extraordinary Aid                                  |                    |                     | -                 | 50,681            | 50,681                                                     |
| Non Public Transportation Aid                      |                    |                     | -                 | 5,220             | 5,220                                                      |
| PARCC Aid                                          | 13,740             |                     | 13,740            | 13,740            | -                                                          |
| Pupil Growth Aid                                   | 13,740             |                     | 13,740            | 13,740            | -                                                          |
| TPAF Pension (On-Behalf - Non-Budgeted)            |                    |                     | -                 | 1,016,783         | 1,016,783                                                  |
| TPAF Post-retirement (On-Behalf - Non-Budgeted)    |                    |                     | -                 | 1,614,144         | 1,614,144                                                  |
| TPAF Social Security (Reimbursed-<br>Non-Budgeted) |                    |                     | -                 | 1,372,823         | 1,372,823                                                  |
| Total State Sources                                | <u>3,766,449</u>   | <u>-</u>            | <u>3,766,449</u>  | <u>7,826,100</u>  | <u>4,059,651</u>                                           |
| Federal Sources:                                   |                    |                     |                   |                   |                                                            |
| Medicaid Reimbursement                             | 19,168             |                     | 19,168            | 30,748            | 11,580                                                     |
| Total Federal Sources                              | <u>19,168</u>      | <u>-</u>            | <u>19,168</u>     | <u>30,748</u>     | <u>11,580</u>                                              |
| Total Revenues                                     | <u>36,966,358</u>  | <u>-</u>            | <u>36,966,358</u> | <u>40,670,453</u> | <u>3,704,095</u>                                           |

See accompanying auditor's report

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

|                                                    | Original Budget   | Budget Transfers | Final Budget      | Actual            | Variance with Under/(Over) Final Budget to Actual |
|----------------------------------------------------|-------------------|------------------|-------------------|-------------------|---------------------------------------------------|
| <b>EXPENDITURES:</b>                               |                   |                  |                   |                   |                                                   |
| <b>CURRENT EXPENSE</b>                             |                   |                  |                   |                   |                                                   |
| <b>REGULAR PROGRAMS - INSTRUCTION</b>              |                   |                  |                   |                   |                                                   |
| Kindergarten - Salaries of Teachers                | 366,264           |                  | 366,264           | 303,027           | 63,237                                            |
| Grades 1 - 5 Salaries of Teachers                  | 2,883,575         | 74,100           | 2,957,675         | 2,756,572         | 201,103                                           |
| Grades 6 - 8 Salaries of Teachers                  | 2,164,101         | (81,000)         | 2,083,101         | 1,960,200         | 122,901                                           |
| Grades 9 - 12 Salaries of Teachers                 | 7,922,557         | 6,900            | 7,929,457         | 7,559,321         | 370,136                                           |
| Regular Programs - Home Instruction                |                   |                  |                   | -                 |                                                   |
| Salaries of Teachers                               | 125,854           |                  | 125,854           | 67,785            | 58,069                                            |
| Purchased Professional - Educational Services      | 30,000            |                  | 30,000            | 15,889            | 14,111                                            |
| Other Purchased Services (400-500 series)          | 5,000             |                  | 5,000             | 3,835             | 1,165                                             |
| Regular Programs - Undistributed Instruction       |                   |                  |                   |                   |                                                   |
| Purchased Professional - Educational Services      | 3,500             |                  | 3,500             | 3,280             | 220                                               |
| Purchased Technical Services                       | 229,429           | -                | 229,429           | 150,939           | 78,490                                            |
| Other Purchased Services (400-500 series)          | 269,480           | -                | 269,480           | 252,110           | 17,370                                            |
| General Supplies                                   | 922,089           | 10,900           | 932,989           | 903,819           | 29,170                                            |
| Textbooks                                          | 108,000           | (9,100)          | 98,900            | 55,702            | 43,198                                            |
| Other Objects                                      | 10,372            | (2,000)          | 8,372             | 1,003             | 7,369                                             |
| <b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>        | <b>15,040,221</b> | <b>(200)</b>     | <b>15,040,021</b> | <b>14,033,484</b> | <b>1,006,538</b>                                  |
| <b>SPECIAL EDUCATION - INSTRUCTION</b>             |                   |                  |                   |                   |                                                   |
| Learning and or Language Disabilities              |                   |                  |                   |                   |                                                   |
| Salaries of Teachers                               | 97,433            | (75,000)         | 22,433            | 20,919            | 1,514                                             |
| Other Salaries for Instruction                     | 1,563             | 21,000           | 22,563            | 21,594            | 969                                               |
| General Supplies                                   | 1,532             |                  | 1,532             | 1,427             | 105                                               |
| <b>Total Learning and or Language Disabilities</b> | <b>100,528</b>    | <b>(54,000)</b>  | <b>46,528</b>     | <b>43,940</b>     | <b>2,588</b>                                      |
| Behavioral Disabilities                            |                   |                  |                   |                   |                                                   |
| Salaries of Teachers                               | 83,073            | 26,000           | 109,073           | 108,293           | 780                                               |
| Other Salaries for Instruction                     | 19,190            | (18,000)         | 1,190             | -                 | 1,190                                             |
| General Supplies                                   | 500               |                  | 500               | 351               | 149                                               |
| <b>Total Behavioral Disabilities</b>               | <b>102,763</b>    | <b>8,000</b>     | <b>110,763</b>    | <b>108,644</b>    | <b>2,119</b>                                      |

**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

|                                                   | Original Budget | Budget Transfers | Final Budget | Actual    | Variance with Under/(Over) Final Budget to Actual |
|---------------------------------------------------|-----------------|------------------|--------------|-----------|---------------------------------------------------|
| Multiple Disabilities                             |                 |                  |              |           |                                                   |
| Salaries of Teachers                              | 286,725         |                  | 286,725      | 279,670   | 7,055                                             |
| Other Salaries for Instruction                    | 50,197          | (40,000)         | 10,197       | 6,229     | 3,968                                             |
| General Supplies                                  | 4,099           | 75               | 4,174        | 3,872     | 302                                               |
| Total Multiple Disabilities                       | 341,021         | (39,925)         | 301,096      | 289,770   | 11,326                                            |
| Resource Room/Resource Center                     |                 |                  |              |           |                                                   |
| Salaries of Teachers                              | 2,318,990       | 47,000           | 2,365,990    | 2,092,148 | 273,842                                           |
| Other Salaries for Instruction                    | 44,485          | 25,000           | 69,485       | 49,470    | 20,015                                            |
| General Supplies                                  | 5,313           | 600              | 5,913        | 5,565     | 348                                               |
| Total Resource Room/Resource Center               | 2,368,788       | 72,600           | 2,441,388    | 2,147,183 | 294,205                                           |
| Preschool Disabilities - Part-Time                |                 |                  |              |           |                                                   |
| Salaries of Teachers                              | 86,003          |                  | 86,003       | 74,856    | 11,147                                            |
| Other Salaries for Instruction                    | 22,982          | 14,000           | 36,982       | 36,079    | 903                                               |
| General Supplies                                  | 1,800           | (675)            | 1,125        | 920       | 205                                               |
| Total Preschool Disabilities - Part-Time          | 110,785         | 13,325           | 124,110      | 111,855   | 12,255                                            |
| TOTAL SPECIAL EDUCATION - INSTRUCTION             | 3,023,885       | -                | 3,023,885    | 2,701,393 | 322,492                                           |
| Basic Skills/Remedial - Instruction               |                 |                  |              |           |                                                   |
| Salaries of Teachers                              | 174,903         | 1,300            | 176,203      | 176,112   | 91                                                |
| Total Basic Skills/Remedial - Instruction         | 174,903         | 1,300            | 176,203      | 176,112   | 91                                                |
| Bilingual Education - Instruction                 |                 |                  |              |           |                                                   |
| Salaries of Teachers                              | 158,716         | (1,300)          | 157,416      | 117,740   | 39,676                                            |
| General Supplies                                  |                 | 3,200            | 3,200        | 1,884     | 1,316                                             |
| Total Bilingual Education - Instruction           | 158,716         | 1,900            | 160,616      | 119,625   | 40,991                                            |
| School-Spon. Coccricular Activities - Instruction |                 |                  |              |           |                                                   |
| Salaries                                          | 199,141         | -                | 199,141      | 191,331   | 7,810                                             |
| Supplies & Materials                              |                 | 49,165           | 49,165       | 49,164    | 1                                                 |
| Transfers to Cover Deficit (Agency Funds)         | 54,000          |                  | 54,000       | 49,618    | 4,382                                             |
| Total School-Spon. Coccricular Activities - Inst. | 253,141         | 49,165           | 302,306      | 290,113   | 12,193                                            |

See accompanying auditor's report

**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

|                                                               | Original<br>Budget | Budget<br>Transfers | Final Budget      | Actual            | Variance with<br>Under/(Over)<br>Final Budget<br>to Actual |
|---------------------------------------------------------------|--------------------|---------------------|-------------------|-------------------|------------------------------------------------------------|
| School-Spon. Cocurricular Athletics - Instruction             |                    |                     |                   |                   |                                                            |
| Salaries                                                      | 467,421            | -                   | 467,421           | 465,114           | 2,307                                                      |
| Other Purchased Services (400-500 series)                     | 140,000            | (1,900)             | 138,100           | 84,055            | 54,045                                                     |
| Supplies & Materials                                          | 87,625             | (2,100)             | 85,525            | 67,960            | 17,565                                                     |
| Other Objects                                                 | 4,475              | 4,000               | 8,475             | 8,460             | 15                                                         |
| Transfers to Cover Deficit (Agency Funds)                     | 74,973             |                     | 74,973            | 57,037            | 17,936                                                     |
| Total School-Spon. Cocurricular Athletics - Inst.             | <u>774,494</u>     | <u>-</u>            | <u>774,494</u>    | <u>682,626</u>    | <u>91,868</u>                                              |
| Other Instructional Programs - Instruction                    |                    |                     |                   |                   |                                                            |
| Other Purchased Services (400-500 series)                     | 3,000              | (1,000)             | 2,000             | 535               | 1,465                                                      |
| Supplies & Materials                                          | 4,636              |                     | 4,636             | 2,696             | 1,940                                                      |
| Other Objects                                                 | 439                |                     | 439               |                   | 439                                                        |
| Total Other Instructional Programs - Instruction              | <u>8,075</u>       | <u>(1,000)</u>      | <u>7,075</u>      | <u>3,231</u>      | <u>3,844</u>                                               |
| Alternative Education Program- Instruction                    |                    |                     |                   |                   |                                                            |
| Salaries of Teacher                                           | 324,503            |                     | 324,503           | 249,668           | 74,835                                                     |
| Total Alternative Education Program-Instructional             | <u>324,503</u>     | <u>-</u>            | <u>324,503</u>    | <u>249,668</u>    | <u>74,835</u>                                              |
| <b>TOTAL INSTRUCTION</b>                                      | <b>19,757,938</b>  | <b>51,165</b>       | <b>19,809,103</b> | <b>18,256,251</b> | <b>1,552,852</b>                                           |
| UNDISTRIBUTED EXPENDITURES                                    |                    |                     |                   |                   |                                                            |
| Undistributed Expenditures - Instruction                      |                    |                     |                   |                   |                                                            |
| Tuition to Other LEAs Within the State-Regular                | 16,907             | 18,500              | 35,407            | 28,932            | 6,475                                                      |
| Tuition to Other LEAs Within the State-Special                | 40,028             | 7,384               | 47,412            | 47,412            | -                                                          |
| Tuition to County Voc. School Dist. - Regular                 | 30,348             |                     | 30,348            | 30,348            | 1                                                          |
| Tuition to CSSD & Regional Day Schools                        | 258,773            | (25,884)            | 232,889           | 111,174           | 121,715                                                    |
| Tuition to Private Schools for the Disabled -<br>Within State | 114,530            |                     | 114,530           | -                 | -                                                          |
| Tuition to State Facilities                                   | 32,306             |                     | 32,306            | 25,576            | 88,954                                                     |
| Total Undistributed Expenditures - Instruction                | <u>492,892</u>     | <u>-</u>            | <u>492,892</u>    | <u>275,748</u>    | <u>217,144</u>                                             |

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

|                                                                         | Original Budget | Budget Transfers | Final Budget | Actual  | Variance with Under/(Over) Final Budget to Actual |
|-------------------------------------------------------------------------|-----------------|------------------|--------------|---------|---------------------------------------------------|
| Undistributed Expend. - Attend. & Social Worker                         |                 |                  |              |         |                                                   |
| Salaries                                                                | 36,624          | 3,200            | 39,824       | 39,818  | 6                                                 |
| Purchased Professional and Technical Services                           | 72,839          | (3,200)          | 69,639       | 65,569  | 4,070                                             |
| Supplies & Materials                                                    | 285             | -                | 285          | -       | 285                                               |
| Total Undist. Expend. - Attend. & Social Worker                         | 109,748         | -                | 109,748      | 105,387 | 4,361                                             |
| Undistributed Expend. - Health Services                                 |                 |                  |              |         |                                                   |
| Salaries                                                                | 264,134         | 5,500            | 269,634      | 269,534 | 100                                               |
| Purchased Professional and Technical Services                           | 13,000          | (1,000)          | 12,000       | 12,000  | -                                                 |
| Other Purchased Services (400-500 series)                               | 1,040           | (860)            | 180          | 173     | 7                                                 |
| Supplies & Materials                                                    | 8,000           | (1,760)          | 6,240        | 6,239   | 1                                                 |
| Other Objects                                                           | 400             | -                | 400          | 255     | 145                                               |
| Total Undistributed Expend. - Health Services                           | 286,574         | 1,880            | 288,454      | 288,202 | 252                                               |
| Undist. Expend. - Speech, PT, OT & Related Services                     |                 |                  |              |         |                                                   |
| Salaries                                                                | 156,909         | -                | 156,909      | 154,391 | 2,518                                             |
| Purchased Professionals - Educational Services                          | 188,000         | -                | 188,000      | 114,713 | 73,287                                            |
| Supplies & Materials                                                    | 2,718           | -                | 2,718        | 2,576   | 142                                               |
| Total Undist. Expend.-Speech, PT, OT & Rel. Svces                       | 347,627         | -                | 347,627      | 271,680 | 75,947                                            |
| Undist. Expend. - Other Support Serv. Students - Extraordinary Services |                 |                  |              |         |                                                   |
| Salaries                                                                | 269,890         | -                | 269,890      | 84,356  | 185,534                                           |
| Other Purchased Services (400-500 series)                               | 30,000          | -                | 30,000       | -       | 30,000                                            |
| Total Undist. Expend. - Other Support Services                          | 299,890         | -                | 299,890      | 84,356  | 215,534                                           |
| Students - Extraordinary Services                                       |                 |                  |              |         |                                                   |

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

|                                                           | Original Budget | Budget Transfers | Final Budget   | Actual         | Variance with Under/(Over) Final Budget to Actual |
|-----------------------------------------------------------|-----------------|------------------|----------------|----------------|---------------------------------------------------|
| <b>Undist. Expenditures - Guidance</b>                    |                 |                  |                |                |                                                   |
| Salaries of Other Professional Staff                      | 759,266         | (5,690)          | 753,576        | 739,686        | 13,890                                            |
| Salaries of Secretarial and Clerical Assistants           | 86,129          | 5,690            | 91,819         | 91,804         | 15                                                |
| Other Purchased Services (400-500 series)                 | 22,100          |                  | 22,100         | 13,557         | 8,543                                             |
| Supplies & Materials                                      | 8,962           | -                | 8,962          | 8,453          | 509                                               |
| Other Objects                                             | 300             |                  | 300            | 50             | 250                                               |
| <b>Total Undistributed Expend. - Guidance</b>             | <b>876,757</b>  | <b>-</b>         | <b>876,757</b> | <b>853,550</b> | <b>23,207</b>                                     |
| <b>Undist. Expend. - Child Study Teams</b>                |                 |                  |                |                |                                                   |
| Salaries of Other Professional Staff                      | 619,513         | 3,380            | 622,893        | 622,294        | 600                                               |
| Salaries of Secretarial and Clerical Assistants           | 114,137         |                  | 114,137        | 113,970        | 167                                               |
| Purchased Professional - Education Services               | 95,200          | 19,700           | 114,900        | 111,589        | 3,311                                             |
| Other Purchased Prof. And Tech. Services                  | 11,500          | 1,000            | 12,500         | 11,853         | 647                                               |
| Miscellaneous Purchased Services (400-500 series)         | 17,000          | (3,380)          | 13,620         | 5,229          | 8,391                                             |
| Supplies & Materials                                      | 17,475          |                  | 17,475         | 17,980         | (505)                                             |
| Other Objects                                             | 950             |                  | 950            | 820            | 130                                               |
| <b>Total Undist. Expend. - Child Study Teams</b>          | <b>875,775</b>  | <b>20,700</b>    | <b>896,475</b> | <b>883,736</b> | <b>12,739</b>                                     |
| <b>Undist. Expend. - Improvement of Inst. Services</b>    |                 |                  |                |                |                                                   |
| Salaries of Supervisor of Instruction                     | 102,768         | 3,120            | 105,888        | 105,886        | 2                                                 |
| Salaries of Secr and Clerical Assit.                      | 14,994          | 24,520           | 39,514         | 39,510         | 4                                                 |
| Other Salaries                                            | 33,674          | (3,120)          | 30,554         | 26,445         | 4,109                                             |
| Other Purch Prof. and Tech. Services                      | 25,000          | (10,000)         | 15,000         | 13,271         | 1,729                                             |
| Other Purchased Services (400-500 series)                 | 11,605          |                  | 11,605         | 10,530         | 1,075                                             |
| Supplies & Materials                                      | 3,000           |                  | 3,000          | 1,682          | 1,318                                             |
| Other Objects                                             | 2,500           |                  | 2,500          | 1,772          | 728                                               |
| <b>Total Undist. Expend. - Improvement of Inst. Serv.</b> | <b>193,541</b>  | <b>14,520</b>    | <b>208,061</b> | <b>199,097</b> | <b>8,964</b>                                      |

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

|                                                                                | Original Budget | Budget Transfers | Final Budget | Actual  | Variance with Under/(Over) Final Budget to Actual |
|--------------------------------------------------------------------------------|-----------------|------------------|--------------|---------|---------------------------------------------------|
| Undist. Expend. - Edu. Media Serv./Sch. Library                                |                 |                  |              |         |                                                   |
| Salaries                                                                       | 668,944         | 4,190            | 673,134      | 654,218 | 18,916                                            |
| Purchased Professional and Technical Services                                  | 29,568          | (3,000)          | 26,568       | 25,395  | 1,173                                             |
| Other Purchased Services (400-500 series)                                      | 400             |                  | 400          | 400     | -                                                 |
| Supplies & Materials                                                           | 53,130          | (1,190)          | 51,940       | 49,927  | 2,013                                             |
| Other Objects                                                                  | 2,500           |                  | 2,500        | 1,359   | 1,141                                             |
| Total Undistributed Expenditures - Educational Media Services - School Library | 754,542         | -                | 754,542      | 731,299 | 23,243                                            |
| Undist. Expend. - Instructional Staff Training Serv.                           |                 |                  |              |         |                                                   |
| Salaries of Supervisors Inst.                                                  | 102,768         |                  | 102,768      | 101,000 | 1,768                                             |
| Purchased Professional - Educational Services                                  | 100,470         | (15,820)         | 84,650       | 29,361  | 55,289                                            |
| Other Purchased Services (400-500 series)                                      | 15,700          | 1,500            | 17,200       | 10,187  | 7,013                                             |
| Supplies and Materials                                                         | 1,000           |                  | 1,000        | 560     | 440                                               |
| Total Undistributed Expenditures - Instructional Staff Training Services       | 219,938         | (14,320)         | 205,618      | 141,108 | 64,510                                            |
| Undist. Expend. - Supp. Serv. - General Admin.                                 |                 |                  |              |         |                                                   |
| Salaries                                                                       | 257,491         |                  | 257,491      | 235,058 | 22,433                                            |
| Legal Services                                                                 | 122,000         | 40,000           | 162,000      | 151,580 | 10,420                                            |
| Audit Fees                                                                     | 30,000          |                  | 30,000       | 25,620  | 4,380                                             |
| Architectural/Engineering Services                                             | 34,000          |                  | 34,000       | 11,935  | 22,065                                            |
| Other Purchased Professional Services                                          | 12,810          | 4,565            | 17,375       | 15,900  | 1,475                                             |
| Purchased Technical Services                                                   | 12,455          | 435              | 12,890       | 12,890  | -                                                 |
| Communications/Telephone                                                       | 155,800         | (350)            | 155,450      | 151,076 | 4,374                                             |
| BOE Other Purchased Services                                                   | 6,350           |                  | 6,350        | 6,275   | 75                                                |
| Other Purchased Services (400-500 series)                                      | 82,774          |                  | 82,774       | 79,797  | 2,977                                             |
| Travel                                                                         | 1,000           | 650              | 1,650        | 1,629   | 21                                                |
| General Supplies                                                               | 6,975           |                  | 6,975        | 5,977   | 998                                               |
| BOE In-house Train/Meeting Supplies                                            | 500             | (300)            | 200          | -       | 200                                               |
| Judgments Against the School                                                   | 5,000           | (5,000)          | -            | -       | -                                                 |
| Miscellaneous Expenditures                                                     | 4,740           |                  | 4,740        | 4,625   | 115                                               |
| BOE Membership Dues/Fees                                                       | 19,000          |                  | 19,000       | 18,850  | 150                                               |
| Total Undistributed Expenditures - Support Services - General Administration   | 750,895         | 40,000           | 790,895      | 721,212 | 69,683                                            |

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

|                                                                               | Original Budget  | Budget Transfers | Final Budget     | Actual           | Variance with Under/(Over) Final Budget to Actual |
|-------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|---------------------------------------------------|
| Undist. Expend. - Supp. Serv. - School Admin.                                 |                  |                  |                  |                  |                                                   |
| Salaries of Principals/Asst.                                                  | 1,014,306        | 33,000           | 1,047,306        | 1,046,300        | 1,006                                             |
| Salaries of Secretarial Asst.                                                 | 269,863          | (20,450)         | 249,413          | 248,918          | 495                                               |
| Purchased Professional and Technical Services                                 | 1,000            |                  | 1,000            | -                | 1,000                                             |
| Other Purchased Services (400-500 series)                                     | 41,099           |                  | 41,099           | 21,385           | 19,714                                            |
| Supplies and Materials                                                        | 54,854           | (1,550)          | 53,304           | 45,009           | 8,295                                             |
| Other Objects                                                                 | 5,800            |                  | 5,800            | 5,311            | 489                                               |
| Total Undistributed Expenditures - Support Services - School Administration   | <u>1,386,922</u> | <u>11,000</u>    | <u>1,397,922</u> | <u>1,366,924</u> | <u>30,998</u>                                     |
| Undist. Expend. - Central Services                                            |                  |                  |                  |                  |                                                   |
| Salaries                                                                      | 430,511          | (7,700)          | 422,811          | 403,654          | 19,157                                            |
| Purchased Professional Services                                               | 9,000            | 30,505           | 39,505           | 29,400           | 10,105                                            |
| Purchased Technical Services                                                  | 22,867           | (5,505)          | 17,362           | 14,378           | 2,984                                             |
| Miscellaneous Purchased Services                                              | 9,750            | 2,700            | 12,450           | 11,889           | 561                                               |
| Supplies and Materials                                                        | 14,365           | -                | 14,365           | 5,759            | 8,606                                             |
| Miscellaneous Expenditures                                                    | 4,200            |                  | 4,200            | 2,224            | 1,976                                             |
| Total Undistributed Expenditures - Central Services                           | <u>490,693</u>   | <u>20,000</u>    | <u>510,693</u>   | <u>467,305</u>   | <u>43,388</u>                                     |
| Undist. Expend. - Admin Info Tech.                                            |                  |                  |                  |                  |                                                   |
| Salaries                                                                      | 97,349           |                  | 97,349           | 94,123           | 3,226                                             |
| Purchased Technical Services                                                  | 35,850           | -                | 35,850           | 30,789           | 5,061                                             |
| Other Purchased Services (400-500 series)                                     | 400              |                  | 400              | 55               | 345                                               |
| Supplies and Materials                                                        | 5,250            |                  | 5,250            | -                | 5,250                                             |
| Total Undistributed Expenditures - Admin Info. Tech.                          | <u>138,849</u>   | <u>-</u>         | <u>138,849</u>   | <u>124,967</u>   | <u>13,882</u>                                     |
| Undist. Expend. - Required Maint. School Fac.                                 |                  |                  |                  |                  |                                                   |
| Salaries                                                                      | 259,412          | 15,200           | 274,612          | 266,455          | 8,157                                             |
| Cleaning, Repair and Maintenance Services                                     | 449,007          | (58,700)         | 390,307          | 384,647          | 5,660                                             |
| General Supplies                                                              | 5,500            | 93,000           | 98,500           | 95,814           | 2,686                                             |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | <u>713,919</u>   | <u>49,500</u>    | <u>763,419</u>   | <u>746,916</u>   | <u>16,503</u>                                     |

See accompanying auditor's report

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

|                                                                      | Original Budget  | Budget Transfers | Final Budget     | Actual           | Variance with Under/(Over) Final Budget to Actual |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|---------------------------------------------------|
| Custodial Services                                                   |                  |                  |                  |                  |                                                   |
| Salaries                                                             | 1,169,960        | 5,200            | 1,175,160        | 1,146,572        | 28,588                                            |
| Salaries - Non- Instructional Aides                                  | 105,220          | 4,900            | 110,120          | 110,021          | 99                                                |
| Purchased Professional and Technical Services                        | 94,810           | 5,000            | 99,810           | 85,066           | 14,744                                            |
| Cleaning, Repair and Maintenance Services                            | 56,392           | (30,000)         | 26,392           | 24,961           | 1,431                                             |
| Rental of Land and Buildings                                         | 2,200            | 5,500            | 7,700            | 7,201            | 499                                               |
| Other Purchased Property Services                                    | 101,000          | 5,400            | 106,400          | 103,931          | 2,469                                             |
| Insurance                                                            | 237,325          | (2,100)          | 235,225          | 227,325          | 7,900                                             |
| Miscellaneous Purchased Services                                     | 3,200            | 1,000            | 4,200            | 4,190            | 10                                                |
| General Supplies                                                     | 99,500           | 1,100            | 100,600          | 92,928           | 7,672                                             |
| Energy (Electricity)                                                 | 722,000          | (2,500)          | 719,500          | 719,391          | 109                                               |
| Other Objects                                                        | 6,000            | 900              | 6,900            | 5,665            | 1,235                                             |
| Energy (Natural Gas)                                                 | 164,110          | 5,600            | 169,710          | 153,682          | 16,028                                            |
| Total Undistributed Expenditures - Custodial Services                | <u>2,761,717</u> | <u>-</u>         | <u>2,761,717</u> | <u>2,680,933</u> | <u>80,784</u>                                     |
| Undist. Expend- Care & Upkeep of Grounds                             |                  |                  |                  |                  |                                                   |
| Salaries                                                             | 100,923          | 4,200            | 105,123          | 105,091          | 32                                                |
| General Supplies                                                     | 46,200           | (2,300)          | 43,900           | 43,847           | 53                                                |
| Total Care and Upkeep of Grounds                                     | <u>147,123</u>   | <u>1,900</u>     | <u>149,023</u>   | <u>148,938</u>   | <u>85</u>                                         |
| Undist. Expend. - Security                                           |                  |                  |                  |                  |                                                   |
| Salaries                                                             | 110,185          | 4,300            | 114,485          | 114,449          | 36                                                |
| Purchased Professional and Technical Services                        | 53,000           | (11,200)         | 41,800           | 3,557            | 38,243                                            |
| Total Security                                                       | <u>163,185</u>   | <u>(6,900)</u>   | <u>156,285</u>   | <u>118,006</u>   | <u>38,279</u>                                     |
| Total Undistributed Expenditures Operations and Maintenance of Plant | <u>3,785,944</u> | <u>44,500</u>    | <u>3,830,444</u> | <u>3,694,793</u> | <u>135,651</u>                                    |

**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

|                                                                       | Original<br>Budget | Budget<br>Transfers | Final Budget      | Actual            | Variance with<br>Under/(Over)<br>Final Budget<br>to Actual |
|-----------------------------------------------------------------------|--------------------|---------------------|-------------------|-------------------|------------------------------------------------------------|
| Undist. Expend. - Student Transportation Serv.                        |                    |                     |                   |                   |                                                            |
| Salaries - (Other than Home & Sch)                                    | 31,754             | (2,200)             | 29,554            | -                 | 29,554                                                     |
| Contracted Services (Bet. Home & School)- Vendors                     | 470,583            | 37,200              | 507,783           | 507,684           | 99                                                         |
| Contracted Services - (Other than Home & Sch)-Ven.                    | 152,057            | 28,000              | 180,057           | 175,200           | 4,857                                                      |
| Contr. Serv. - (Spc Ed. Students) - Vendors                           | 249,781            | (52,000)            | 197,781           | 196,647           | 1,134                                                      |
| Contr. Serv. - (Spc Ed. Students) - Joint Agrmt                       | 75,800             | (11,000)            | 64,800            | 15,434            | 49,366                                                     |
| Contr. Serv. - Aid in Lieu Payments - NonPub Sch                      | 9,000              |                     | 9,000             | 1,959             | 7,041                                                      |
| Total Undistributed Expenditures - Student<br>Transportation Services | <u>988,975</u>     | <u>-</u>            | <u>988,975</u>    | <u>896,924</u>    | <u>92,051</u>                                              |
| Unallocated Benefits - Employee Benefits                              |                    |                     |                   |                   |                                                            |
| Social Security Contribution                                          | 486,000            |                     | 486,000           | 378,897           | 107,103                                                    |
| Other Retirement Contributions - PERS                                 | 520,000            |                     | 520,000           | 492,014           | 27,986                                                     |
| Workmen's Compensation                                                | 358,000            | 22,700              | 380,700           | 380,672           | 28                                                         |
| Health Benefits                                                       | 5,097,742          | (389,745)           | 4,707,997         | 3,867,320         | 840,677                                                    |
| Tuition Reimbursement                                                 | 56,775             | -                   | 56,775            | 26,998            | 29,777                                                     |
| Other Employee Benefits                                               | 210,000            | 47,600              | 257,600           | 257,532           | 68                                                         |
| Total Unallocated Benefits                                            | <u>6,728,517</u>   | <u>(319,445)</u>    | <u>6,409,072</u>  | <u>5,403,432</u>  | <u>1,005,640</u>                                           |
| On-Behalf Contributions                                               |                    |                     |                   |                   |                                                            |
| On-Behalf TPAF Pension Contribution (non-bud)                         |                    |                     | -                 | 1,016,783         | (1,016,783)                                                |
| On-Behalf TPAF Post-retir. Contribution (non-bud)                     | -                  |                     | -                 | 1,614,144         | (1,614,144)                                                |
| Reimbursed TPAF Social Security Cont.(non-bud)                        |                    |                     | -                 | 1,372,823         | (1,372,823)                                                |
| Total On-Behalf Contributions                                         | <u>-</u>           | <u>-</u>            | <u>-</u>          | <u>4,003,750</u>  | <u>(4,003,750)</u>                                         |
| Total Personal Services - Employee Benefits                           | <u>6,728,517</u>   | <u>(319,445)</u>    | <u>6,409,072</u>  | <u>9,407,182</u>  | <u>(2,998,110)</u>                                         |
| TOTAL UNDISTRIBUTED EXPENDITURES                                      | <u>18,728,079</u>  | <u>(181,165)</u>    | <u>18,546,914</u> | <u>20,513,470</u> | <u>(1,966,556)</u>                                         |
| TOTAL GENERAL CURRENT EXPENSE                                         | <u>38,486,017</u>  | <u>(130,000)</u>    | <u>38,356,017</u> | <u>38,769,721</u> | <u>(413,704)</u>                                           |

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

|                                                        | Original Budget   | Budget Transfers | Final Budget      | Actual            | Variance with Under/(Over) Final Budget to Actual |
|--------------------------------------------------------|-------------------|------------------|-------------------|-------------------|---------------------------------------------------|
| <b>CAPITAL OUTLAY</b>                                  |                   |                  |                   |                   |                                                   |
| Equipment                                              |                   |                  |                   |                   |                                                   |
| Regular Programs - Instruction                         |                   |                  |                   |                   |                                                   |
| Grades 1 - 5                                           | 218,000           | -                | 218,000           | -                 | 218,000                                           |
| Undistributed Exp. - Instruction                       | 135,802           | (29,000)         | 106,802           | 24,859            | 81,943                                            |
| Undistributed Exp. - Supp Service                      | 4,291             | -                | 4,291             | -                 | 4,291                                             |
| Undistributed Exp. - Custodial                         | 7,397             | 29,398           | 36,795            | 36,795            | 0                                                 |
| Undistributed Exp. - Security                          | 20,000            | -                | 20,000            | -                 | 20,000                                            |
| Undistributed Exp. - Non-Inst. Serv                    | 15,000            | -                | 15,000            | 14,700            | 300                                               |
| Undistributed Exp. - Admin. Info. Tech.                | 82,000            | (398)            | 81,602            | 75,029            | 6,573                                             |
| Undistributed Exp. - Equipment                         | 5,000             | 5,000            | 5,000             | 4,830             | 170                                               |
| Total Equipment                                        | <u>482,490</u>    | <u>5,000</u>     | <u>487,490</u>    | <u>156,213</u>    | <u>331,277</u>                                    |
| Facilities Acquisition and Construction Services       |                   |                  |                   |                   |                                                   |
| Construction Services                                  | 25,630            | -                | 25,630            | 25,130            | 500                                               |
| HS HVAC Construction                                   | 2,054,478         | 60,000           | 2,114,478         | 2,030,270         | 84,208                                            |
| Assessment for Debt Service on SDA Funding             | 150,466           | -                | 150,466           | 150,466           | -                                                 |
| Total Facilities Acquisition and Construction Services | <u>2,230,574</u>  | <u>60,000</u>    | <u>2,290,574</u>  | <u>2,205,866</u>  | <u>84,708</u>                                     |
| <b>TOTAL CAPITAL OUTLAY</b>                            | <u>2,713,064</u>  | <u>65,000</u>    | <u>2,778,064</u>  | <u>2,362,079</u>  | <u>415,985</u>                                    |
| <b>SPECIAL SCHOOLS</b>                                 |                   |                  |                   |                   |                                                   |
| Summer School - Instruction                            | 10,175            | -                | 10,175            | -                 | 10,175                                            |
| Salaries of Teachers                                   | 10,175            | -                | 10,175            | -                 | 10,175                                            |
| Total Summer School - Instruction                      | <u>10,175</u>     | <u>-</u>         | <u>10,175</u>     | <u>-</u>          | <u>10,175</u>                                     |
| <b>TOTAL SPECIAL SCHOOLS</b>                           | <u>10,175</u>     | <u>-</u>         | <u>10,175</u>     | <u>-</u>          | <u>10,175</u>                                     |
| Transfer of Funds to Charter Schools                   | 45,499            | -                | 45,499            | 9,904             | 35,595                                            |
| <b>TOTAL EXPENDITURES</b>                              | <u>41,254,755</u> | <u>(65,000)</u>  | <u>41,189,755</u> | <u>41,141,704</u> | <u>48,051</u>                                     |

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

|                                                                                                                                | Original<br>Budget | Budget<br>Transfers | Final Budget       | Actual           | Variance with<br>Under/(Over)<br>Final Budget<br>to Actual |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|--------------------|------------------|------------------------------------------------------------|
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b>                                                           |                    |                     |                    |                  |                                                            |
| Other Financing Sources/(Uses):                                                                                                |                    |                     |                    |                  |                                                            |
| Operating Transfers Out:                                                                                                       |                    |                     |                    |                  |                                                            |
| Transfer to Capital Project                                                                                                    | (1,756,667)        |                     | (1,756,667)        | (655,592)        | (1,101,075)                                                |
| Transfer to Cover Deficit - Food Service Fund                                                                                  |                    | (125,000)           | (125,000)          | (125,000)        | -                                                          |
| Total Other Financing Sources/(Uses):                                                                                          | <u>(1,756,667)</u> | <u>(125,000)</u>    | <u>(1,881,667)</u> | <u>(780,592)</u> | <u>(1,101,075)</u>                                         |
| Excess (Deficiency) of Revenues and Other<br>Financing Sources Over (Under) Expenditures and<br>Other Financing Sources (Uses) | (6,045,064)        | (60,000)            | (6,105,064)        | (1,251,843)      | 4,853,221                                                  |
| Fund Balance July 1                                                                                                            | 10,019,102         |                     | 10,019,102         | 10,019,102       | -                                                          |
| Fund Balance June 30                                                                                                           | <u>3,974,038</u>   | <u>(60,000)</u>     | <u>3,914,038</u>   | <u>8,767,259</u> | <u>4,853,221</u>                                           |
| Recapitulation:                                                                                                                |                    |                     |                    |                  |                                                            |
| Restricted Fund Balance:                                                                                                       |                    |                     |                    |                  |                                                            |
| Excess Surplus - Designated for Subsequent Year's Expenditures                                                                 |                    |                     |                    | 1,381,088        |                                                            |
| Excess Surplus - Current Year                                                                                                  |                    |                     |                    | 1,498,895        |                                                            |
| Committed Fund Balance:                                                                                                        |                    |                     |                    |                  |                                                            |
| Capital Reserve                                                                                                                |                    |                     |                    | 2,759,818        |                                                            |
| Maintenance Reserve                                                                                                            |                    |                     |                    | 1,190,684        |                                                            |
| Tuition Reserve                                                                                                                |                    |                     |                    | 675,000          |                                                            |
| Emergency Reserve                                                                                                              |                    |                     |                    | 355,000          |                                                            |
| Assigned Fund Balance:                                                                                                         |                    |                     |                    |                  |                                                            |
| Year-End Encumbrances                                                                                                          |                    |                     |                    | 95,002           |                                                            |
| Unassigned Fund Balance                                                                                                        |                    |                     |                    |                  |                                                            |
| General Fund                                                                                                                   |                    |                     |                    | 811,772          |                                                            |
| Reconciliation to Governmental Funds Statements (GAAP):                                                                        |                    |                     |                    |                  |                                                            |
| Last Two State Aid Payments not recognized on GAAP Basis                                                                       |                    |                     |                    | <u>(334,763)</u> |                                                            |
|                                                                                                                                |                    |                     |                    | <u>8,432,496</u> |                                                            |

See accompanying auditor's report

**OCEAN CITY SCHOOL DISTRICT  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

|                                                                                                     | Original Budget | Budget Transfers | Final Budget     | Actual           | Variance with Under/(Over) Final Budget to Actual |
|-----------------------------------------------------------------------------------------------------|-----------------|------------------|------------------|------------------|---------------------------------------------------|
| <b>REVENUES:</b>                                                                                    |                 |                  |                  |                  |                                                   |
| Local Sources                                                                                       | \$ -            | 70,840           | 70,840           | 65,933           | (4,906)                                           |
| State Sources                                                                                       |                 | 4,900            | 4,900            | 4,900            | -                                                 |
| Federal Sources                                                                                     | 688,980         | 376,998          | 1,065,978        | 1,052,304        | (13,675)                                          |
| <b>Total Revenues</b>                                                                               | <b>688,980</b>  | <b>452,738</b>   | <b>1,141,718</b> | <b>1,123,137</b> | <b>(18,581)</b>                                   |
| <b>EXPENDITURES:</b>                                                                                |                 |                  |                  |                  |                                                   |
| Instruction:                                                                                        |                 |                  |                  |                  |                                                   |
| Salaries of Teachers                                                                                | 319,507         | 199,967          | 519,474          | 519,474          | 0                                                 |
| Other Purchased Services (400-500 series)                                                           | 369,473         | (130,655)        | 238,818          | 238,818          | -                                                 |
| General Supplies                                                                                    |                 | 79,066           | 79,066           | 74,159           | 4,906                                             |
| Textbooks                                                                                           |                 | 3,217            | 3,217            | 3,217            | -                                                 |
| <b>Total Instruction</b>                                                                            | <b>688,980</b>  | <b>151,595</b>   | <b>840,575</b>   | <b>835,668</b>   | <b>4,907</b>                                      |
| Support Services:                                                                                   |                 |                  |                  |                  |                                                   |
| Salaries of Other Professional Staff                                                                |                 |                  |                  |                  |                                                   |
| Personal Services - Employee Benefits                                                               |                 | 84,493           | 84,493           | 84,493           | -                                                 |
| Purchased Professional - Educational Services                                                       |                 | 242              | 242              | 242              | (0)                                               |
| Purchased Professional Technical Services                                                           |                 | 39,674           | 39,674           | 26,000           | 13,674                                            |
| Other Purchased Services (400-500 series)                                                           |                 | 40,741           | 40,741           | 40,741           | -                                                 |
| General Supplies                                                                                    |                 | 38,210           | 38,210           | 38,210           | -                                                 |
| Other Objects                                                                                       |                 | 5,000            | 5,000            | 5,000            | -                                                 |
| <b>Total Support Services</b>                                                                       | <b>-</b>        | <b>208,360</b>   | <b>208,360</b>   | <b>194,686</b>   | <b>13,674</b>                                     |
| Contribution to Charter Schools                                                                     |                 |                  |                  |                  |                                                   |
| Facilities Acquisition & Construction Services:                                                     |                 |                  |                  |                  |                                                   |
| Instructional Equipment                                                                             |                 | 92,783           | 92,783           | 92,783           | -                                                 |
| <b>Total Expenditures</b>                                                                           | <b>-</b>        | <b>92,783</b>    | <b>92,783</b>    | <b>92,783</b>    | <b>-</b>                                          |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b> | <b>\$ -</b>     | <b>0</b>         | <b>0</b>         | <b>-</b>         | <b>(0)</b>                                        |

See accompanying auditor's report

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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**



**OCEAN CITY SCHOOL DISTRICT  
Required Supplementary Information  
Budget-to-GAAP Reconciliation  
Note to RSI  
For the Year Ended June 30, 2015**

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

|                                                                                                                                                                                                                                         | General Fund  | Special Revenue Fund |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------|
| Sources / inflows of resources                                                                                                                                                                                                          |               |                      |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule                                                                                                                                                       | \$ 40,670,453 | 1,123,137            |
| Difference - budget to GAAP:                                                                                                                                                                                                            |               |                      |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.                                                                                          |               |                      |
| Prior Year                                                                                                                                                                                                                              |               | 12,657               |
| Current Year                                                                                                                                                                                                                            |               | (6,090)              |
| The Final State Aid payments for the Year Ended June 30, 2014 that was delayed until July 2014 was recorded as budgetary revenue for the Year Ended June 30, 2014. but is not recognized under GAAP until the Year Ended June 30, 2014. | 295,087       |                      |
| The Final State Aid payment for the Year Ended June 30, 2015 that was delayed until July 2015 was recorded as budgetary revenue for the Year Ended June 30, 2015 but is not recognized under GAAP until the Year Ended June 30, 2015.   | (334,763)     | -                    |
|                                                                                                                                                                                                                                         | 40,630,777    | 1,129,704            |
| Uses / outflows of resources                                                                                                                                                                                                            |               |                      |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule                                                                                                                                                | 41,141,704    | 1,123,137            |
| Difference - 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 GAAP financial reporting purposes.                  |               |                      |
| Prior Year                                                                                                                                                                                                                              |               | 12,657               |
| Current Year                                                                                                                                                                                                                            |               | (6,090)              |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.                                                                                                             | \$ 41,141,704 | 1,129,704            |

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**REQUIRED SUPPLEMENTARY INFORMATION – PART III**



**OCEAN CITY SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employee Retirement System**  
**Last Two Fiscal Years**

|                                                                                                                     | <u>2014</u>   | <u>2013</u>   |
|---------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| District's proportion of the net pension liability (asset)                                                          | 0.0500779018% | 0.0526741551% |
| District's proportionate of the net pension liability (asset)                                                       | \$ 9,375,953  | \$ 10,067,078 |
| District's covered payroll                                                                                          | \$ 3,285,998  | \$ 3,412,544  |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 285.33%       | 295.00%       |
| Plan fiduciary net position as a percentage of the total pension liability                                          | 52.08%        | 48.72%        |

Source: GASB 68 report on Public Employees' Retirement System; District records

**OCEAN CITY SCHOOL DISTRICT  
Schedule of District Contributions  
Public Employee Retirement System  
Last Two Fiscal Years**

|                                                                         | <u>2014</u>    | <u>2013</u>    |
|-------------------------------------------------------------------------|----------------|----------------|
| Contractually required contribution                                     | \$ 396,889     | \$ 402,251     |
| Contributions in relation to the contractually<br>required contribution | <u>396,889</u> | <u>402,251</u> |
| Contribution deficiency (excess)                                        | <u>\$ -</u>    | <u>\$ -</u>    |
| District's covered-employee payroll                                     | \$ 3,285,998   | \$ 3,412,544   |
| Contributions as a percentage of<br>covered-employee payroll            | 12.08%         | 11.79%         |

Source: GASB 68 report on Public Employees' Retirement System; District records

**OCEAN CITY SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund**  
**Last Two Fiscal Years**

|                                                                                                                     | <u>2014</u>           | <u>2013</u>           |
|---------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| District's proportion of the net pension liability (asset)                                                          | 0.00%                 | 0.00%                 |
| District's proportionate of the net pension liability (asset)                                                       | \$ -                  | \$ -                  |
| State's proportionate share of the net pension liability (asset) associated with the District                       | <u>101,449,991</u>    | <u>101,028,085</u>    |
| Total                                                                                                               | <u>\$ 101,449,991</u> | <u>\$ 101,028,085</u> |
| District's covered payroll                                                                                          | \$ 18,744,912         | \$ 18,534,219         |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.00%                 | 0.00%                 |
| Plan fiduciary net position as a percentage of the total pension liability                                          | 33.64%                | 33.76%                |

**OCEAN CITY SCHOOL DISTRICT  
Schedule of District Contributions  
Teachers' Pension and Annuity Fund  
Last Two Fiscal Years**

|                                                                         | <u>2014</u>       | <u>2013</u>      |
|-------------------------------------------------------------------------|-------------------|------------------|
| Contractually required contribution                                     | \$ 806,313.00     | \$ 1,291,667.00  |
| Contributions in relation to the contractually<br>required contribution | <u>806,313.00</u> | <u>1,291,667</u> |
| Contribution deficiency (excess)                                        | <u>\$ -</u>       | <u>\$ -</u>      |
| District's covered-employee payroll                                     | \$ 18,744,912     | \$ 18,534,219    |
| Contributions as a percentage of<br>covered-employee payroll            | 4.30%             | 6.97%            |

Source: GASB 68 report on Teachers' Pension and Annuity Fund; District records

**OTHER SUPPLEMENTARY INFORMATION**



## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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



**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2015**

|                                                                                                     | Home & School Transportation | Ocean City Library Grant | Ocean City Education Foundation | NJ School Boards Assn. Ins Grant | Ocean City PTA | Atlanticare Grant | SJ Energy Arts |
|-----------------------------------------------------------------------------------------------------|------------------------------|--------------------------|---------------------------------|----------------------------------|----------------|-------------------|----------------|
| <b>REVENUES:</b>                                                                                    |                              |                          |                                 |                                  |                |                   |                |
| Local Sources                                                                                       | 2,319                        | 242                      | 12,092                          | 25,248                           | 16,568         | 587               | 1,000          |
| State Sources                                                                                       |                              |                          |                                 |                                  |                |                   |                |
| Federal Sources                                                                                     |                              |                          |                                 |                                  |                |                   |                |
| <b>Total Revenues</b>                                                                               | <b>2,319</b>                 | <b>242</b>               | <b>12,092</b>                   | <b>25,248</b>                    | <b>16,568</b>  | <b>587</b>        | <b>1,000</b>   |
| <b>EXPENDITURES:</b>                                                                                |                              |                          |                                 |                                  |                |                   |                |
| Instruction:                                                                                        |                              |                          |                                 |                                  |                |                   |                |
| Salaries of Teachers                                                                                |                              |                          |                                 |                                  |                |                   |                |
| Salaries of Other Professional Staff                                                                |                              |                          |                                 |                                  |                |                   |                |
| Other Purchased Services (400-500 series)                                                           | 2,319                        |                          | 12,092                          |                                  | 13,283         | 587               | 1,000          |
| General Supplies                                                                                    |                              |                          |                                 |                                  |                |                   |                |
| Textbooks                                                                                           |                              |                          |                                 |                                  |                |                   |                |
| Other Objects                                                                                       |                              |                          |                                 |                                  |                |                   |                |
| <b>Total Instruction</b>                                                                            | <b>2,319</b>                 | <b>-</b>                 | <b>12,092</b>                   | <b>-</b>                         | <b>13,283</b>  | <b>587</b>        | <b>1,000</b>   |
| Support Services:                                                                                   |                              |                          |                                 |                                  |                |                   |                |
| Salaries of Other Professional Staff                                                                |                              |                          |                                 |                                  |                |                   |                |
| Personal Services - Employee Benefits                                                               |                              | 242                      |                                 |                                  |                |                   |                |
| Purchased Professional - Educational Services                                                       |                              |                          |                                 |                                  |                |                   |                |
| Purchased Technical Services                                                                        |                              |                          |                                 | 7,767                            | 3,285          |                   |                |
| Other Purchased Services (400-500 series)                                                           |                              |                          |                                 | 17,482                           |                |                   |                |
| General Supplies                                                                                    |                              |                          |                                 |                                  |                |                   |                |
| Other Objects                                                                                       |                              |                          |                                 |                                  |                |                   |                |
| <b>Total Support Services</b>                                                                       | <b>-</b>                     | <b>242</b>               | <b>-</b>                        | <b>25,248</b>                    | <b>3,285</b>   | <b>-</b>          | <b>-</b>       |
| Capital Outlay:                                                                                     |                              |                          |                                 |                                  |                |                   |                |
| Instructional Equipment                                                                             |                              |                          |                                 |                                  |                |                   |                |
| Total Capital Outlay                                                                                | -                            | -                        | -                               | -                                | -              | -                 | -              |
| <b>Total Expenditures</b>                                                                           | <b>2,319</b>                 | <b>242</b>               | <b>12,092</b>                   | <b>25,248</b>                    | <b>16,568</b>  | <b>587</b>        | <b>1,000</b>   |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b> | <b>-</b>                     | <b>-</b>                 | <b>-</b>                        | <b>-</b>                         | <b>-</b>       | <b>-</b>          | <b>-</b>       |

See accompanying auditor's report

**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2015**

|                                                                                                     | OC Gardens<br>Civic | OC Jr.<br>Wrestling<br>Assn | Somers<br>Point Jazz | IIS<br>Competitive | Title I<br>Part A | I.D.E.A.<br>Part B |
|-----------------------------------------------------------------------------------------------------|---------------------|-----------------------------|----------------------|--------------------|-------------------|--------------------|
| <b>REVENUES:</b>                                                                                    |                     |                             |                      |                    |                   |                    |
| Local Sources                                                                                       | 100                 | 5,000                       | 500                  | -                  | -                 | -                  |
| State Sources                                                                                       |                     |                             |                      |                    |                   |                    |
| Federal Sources                                                                                     |                     |                             |                      | 136,326            | 274,863           | 521,351            |
| <b>Total Revenues</b>                                                                               | <b>100</b>          | <b>5,000</b>                | <b>500</b>           | <b>136,326</b>     | <b>274,863</b>    | <b>521,351</b>     |
| <b>EXPENDITURES:</b>                                                                                |                     |                             |                      |                    |                   |                    |
| Instruction:                                                                                        |                     |                             |                      |                    |                   |                    |
| Salaries of Teachers                                                                                |                     |                             |                      |                    | 188,586           | 260,441            |
| Salaries of Other Professional Staff                                                                |                     |                             |                      |                    |                   | 238,818            |
| Other Purchased Services (400-500 series)                                                           | 100                 |                             | 500                  |                    | 38,692            | -                  |
| General Supplies                                                                                    |                     |                             |                      |                    |                   |                    |
| Textbooks                                                                                           |                     |                             |                      |                    |                   |                    |
| Other Objects                                                                                       |                     |                             |                      |                    |                   |                    |
| <b>Total Instruction</b>                                                                            | <b>100</b>          | <b>-</b>                    | <b>500</b>           | <b>-</b>           | <b>227,278</b>    | <b>499,259</b>     |
| Support Services:                                                                                   |                     |                             |                      |                    |                   |                    |
| Salaries of Other Professional Staff                                                                |                     |                             |                      |                    | 44,085            | 22,092             |
| Personal Services - Employee Benefits                                                               |                     |                             |                      |                    |                   | -                  |
| Purchased Professional - Educational Services                                                       |                     |                             |                      | 11,668             |                   |                    |
| Purchased Technical Services                                                                        |                     |                             |                      | 22,878             |                   |                    |
| Other Purchased Services (400-500 series)                                                           |                     |                             |                      | 8,997              | 3,500             |                    |
| General Supplies                                                                                    |                     | 5,000                       |                      |                    |                   |                    |
| Other Objects                                                                                       |                     |                             |                      |                    |                   |                    |
| <b>Total Support Services</b>                                                                       | <b>-</b>            | <b>5,000</b>                | <b>-</b>             | <b>43,543</b>      | <b>47,585</b>     | <b>22,092</b>      |
| Capital Outlay:                                                                                     |                     |                             |                      |                    |                   |                    |
| Equipment                                                                                           |                     |                             |                      | 92,783             |                   |                    |
| <b>Total Capital Outlay</b>                                                                         | <b>-</b>            | <b>-</b>                    | <b>-</b>             | <b>92,783</b>      | <b>-</b>          | <b>-</b>           |
| <b>Total Expenditure</b>                                                                            | <b>100</b>          | <b>5,000</b>                | <b>500</b>           | <b>136,326</b>     | <b>274,863</b>    | <b>521,351</b>     |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b> | <b>-</b>            | <b>-</b>                    | <b>-</b>             | <b>-</b>           | <b>-</b>          | <b>-</b>           |

See accompanying auditor's report

**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2015**

|                                                                                                     | I.D.E.A.<br>Preschool | Title I/IIA   | Reach to<br>The Top | MAC<br>SADD | MAC<br>Intramural | MAC<br>SCAT | MAC<br>Misc |
|-----------------------------------------------------------------------------------------------------|-----------------------|---------------|---------------------|-------------|-------------------|-------------|-------------|
| <b>REVENUES:</b>                                                                                    |                       |               |                     |             |                   |             |             |
| Local Sources                                                                                       | -                     | -             |                     | 399         | 400               | 548         | 930         |
| State Sources                                                                                       | 14,226                | 82,975        | 22,563              |             |                   |             |             |
| Federal Sources                                                                                     |                       |               |                     |             |                   |             |             |
| <b>Total Revenues</b>                                                                               | <b>14,226</b>         | <b>82,975</b> | <b>22,563</b>       | <b>399</b>  | <b>400</b>        | <b>548</b>  | <b>930</b>  |
| <b>EXPENDITURES:</b>                                                                                |                       |               |                     |             |                   |             |             |
| Instruction:                                                                                        |                       |               |                     |             |                   |             |             |
| Salaries of Teachers                                                                                | 10,000                | 60,447        |                     |             |                   |             |             |
| Salaries of Other Professional Staff                                                                |                       |               |                     |             |                   |             |             |
| Other Purchased Services (400-500 series)                                                           | -                     |               |                     | 399         | 400               | 548         | 930         |
| General Supplies                                                                                    | 1,626                 |               |                     |             |                   |             |             |
| Textbooks                                                                                           |                       |               |                     |             |                   |             |             |
| Other Objects                                                                                       |                       |               |                     |             |                   |             |             |
| <b>Total Instruction</b>                                                                            | <b>11,626</b>         | <b>60,447</b> | <b>-</b>            | <b>399</b>  | <b>400</b>        | <b>548</b>  | <b>930</b>  |
| Support Services:                                                                                   |                       |               |                     |             |                   |             |             |
| Salaries of Other Professional Staff                                                                |                       |               |                     |             |                   |             |             |
| Personal Services - Employee Benefits                                                               | 2,600                 | 15,716        |                     |             |                   |             |             |
| Purchased Professional - Educational Services                                                       |                       |               | 14,332              |             |                   |             |             |
| Purchased Technical Services                                                                        |                       | 6,812         | 8,231               |             |                   |             |             |
| Other Purchased Services (400-500 series)                                                           |                       |               |                     |             |                   |             |             |
| General Supplies                                                                                    |                       |               |                     |             |                   |             |             |
| Other Objects                                                                                       |                       |               |                     |             |                   |             |             |
| <b>Total Support Services</b>                                                                       | <b>2,600</b>          | <b>22,528</b> | <b>22,563</b>       | <b>-</b>    | <b>-</b>          | <b>-</b>    | <b>-</b>    |
| Capital Outlay:                                                                                     |                       |               |                     |             |                   |             |             |
| Other Equipment                                                                                     |                       |               |                     |             |                   |             |             |
| Instructional Equipment                                                                             |                       |               |                     |             |                   |             |             |
| <b>Total Capital Outlay</b>                                                                         | <b>-</b>              | <b>-</b>      | <b>-</b>            | <b>-</b>    | <b>-</b>          | <b>-</b>    | <b>-</b>    |
| <b>Total Expenditures</b>                                                                           | <b>14,226</b>         | <b>82,975</b> | <b>22,563</b>       | <b>399</b>  | <b>400</b>        | <b>548</b>  | <b>930</b>  |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b> | <b>-</b>              | <b>-</b>      | <b>-</b>            | <b>-</b>    | <b>-</b>          | <b>-</b>    | <b>-</b>    |

See accompanying auditor's report

**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2015**

|                                                                                                     | Non Public<br>Textbook<br>Aid | Non Public<br>Technical<br>Aid | Totals<br>2015   |
|-----------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|------------------|
| <b>REVENUES:</b>                                                                                    |                               |                                |                  |
| Local Sources                                                                                       | 3,217                         | 1,683                          | 65,933           |
| State Sources                                                                                       |                               |                                | 4,900            |
| Federal Sources                                                                                     |                               |                                | 1,052,304        |
| <b>Total Revenues</b>                                                                               | <b>3,217</b>                  | <b>1,683</b>                   | <b>1,123,137</b> |
| <b>EXPENDITURES:</b>                                                                                |                               |                                |                  |
| Instruction:                                                                                        |                               |                                |                  |
| Salaries of Teachers                                                                                |                               |                                | -                |
| Salaries of Other Professional Staff                                                                |                               |                                | 519,474          |
| Other Purchased Services (400-500 series)                                                           |                               |                                | -                |
| General Supplies                                                                                    | 1,683                         |                                | 238,818          |
| Textbooks                                                                                           | 3,217                         |                                | 74,159           |
| Other Objects                                                                                       |                               |                                | 3,217            |
| <b>Total Instruction</b>                                                                            | <b>3,217</b>                  | <b>1,683</b>                   | <b>835,668</b>   |
| Support Services:                                                                                   |                               |                                |                  |
| Salaries of Other Professional Staff                                                                |                               |                                | -                |
| Personal Services - Employee Benefits                                                               |                               |                                | 84,493           |
| Purchased Professional - Educational Services                                                       |                               |                                | 242              |
| Purchased Technical Services                                                                        |                               |                                | 26,000           |
| Other Purchased Services (400-500 series)                                                           |                               |                                | 40,741           |
| General Supplies                                                                                    |                               |                                | 38,210           |
| Other Objects                                                                                       |                               |                                | 5,000            |
| <b>Total Support Services</b>                                                                       | <b>-</b>                      | <b>-</b>                       | <b>194,686</b>   |
| Capital Outlay:                                                                                     |                               |                                |                  |
| Instructional Equipment                                                                             |                               |                                | -                |
| Total Capital Outlay                                                                                | -                             | -                              | 92,783           |
| <b>Total Expenditures</b>                                                                           | <b>3,217</b>                  | <b>1,683</b>                   | <b>1,123,137</b> |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b> | <b>-</b>                      | <b>-</b>                       | <b>-</b>         |

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

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



**OCEAN CITY SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Summary Statement of Project Expenditures**  
**For the Year Ended June 30, 2015**

| Project Title/Issue                                         | Date      | Original Appropriations | GAAP Expenditures to Date |                  | Authorizations Canceled | Unexpended Balance June 30, 2015 |
|-------------------------------------------------------------|-----------|-------------------------|---------------------------|------------------|-------------------------|----------------------------------|
|                                                             |           |                         | Prior Years               | Current Years    |                         |                                  |
| Acquisition of Property and Construction of New High School | 4/1/2002  | \$ 40,058,849           | 39,735,259                |                  | 323,590                 | -                                |
| Improvements and Renovations to Intermediate School         | 9/29/2009 | 8,514,528               | 8,491,096                 |                  | 23,432                  | -                                |
| Improvements and Renovations to Primary School              | 3/11/2014 | 5,998,198               | 197,227                   | 1,983,980        |                         | 3,816,991                        |
|                                                             |           | <u>\$ 54,571,575</u>    | <u>48,423,582</u>         | <u>1,983,980</u> | <u>347,022</u>          | <u>3,816,991</u>                 |

**OCEAN CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2015**

**REVENUES AND OTHER FINANCING SOURCES:**

## State Sources:

|            |    |   |
|------------|----|---|
| SDA Grants | \$ | - |
|------------|----|---|

## Local Sources

|                               |  |         |
|-------------------------------|--|---------|
| Transfer from Capital Reserve |  | 655,592 |
|-------------------------------|--|---------|

|                             |  |   |
|-----------------------------|--|---|
| Bond proceeds and transfers |  | - |
|-----------------------------|--|---|

|                      |  |   |
|----------------------|--|---|
| Premium on Bond Sale |  | - |
|----------------------|--|---|

|                             |  |       |
|-----------------------------|--|-------|
| Interest Earned on Deposits |  | 5,489 |
|                             |  | 5,489 |

|                |  |         |
|----------------|--|---------|
| Total Revenues |  | 661,081 |
|                |  | 661,081 |

**EXPENDITURES**

|                                               |  |         |
|-----------------------------------------------|--|---------|
| Purchased Professional and Technical Services |  | 425,918 |
|-----------------------------------------------|--|---------|

|                       |  |           |
|-----------------------|--|-----------|
| Construction Services |  | 5,681,573 |
|                       |  | 5,681,573 |

|                    |  |           |
|--------------------|--|-----------|
| Total Expenditures |  | 6,107,491 |
|                    |  | 6,107,491 |

|                                                           |  |             |
|-----------------------------------------------------------|--|-------------|
| Excess (Deficiency) of Revenues Over (Under) Expenditures |  | (5,446,410) |
|-----------------------------------------------------------|--|-------------|

## Other Financing Sources(Uses):

## Operating Transfers Out:

|                               |  |         |
|-------------------------------|--|---------|
| Transfer to Debt Service Fund |  | (5,489) |
|                               |  | (5,489) |

## Excess (Deficiency) of Revenues and

## Other Financing Sources Over(Under)

|              |  |             |
|--------------|--|-------------|
| Expenditures |  | (5,451,899) |
|--------------|--|-------------|

|                       |  |           |
|-----------------------|--|-----------|
| Fund Balances, July 1 |  | 5,800,549 |
|                       |  | 5,800,549 |

|                        |    |         |
|------------------------|----|---------|
| Fund Balances, June 30 | \$ | 348,650 |
|                        |    | 348,650 |

**OCEAN CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Acquisition of Real Property and Construction of New High School**  
**From Inception and for the Year Ended June 30, 2015**

|                                                      | Prior Periods     | Current Year | Totals            | Revised<br>Authorized<br>Costs |
|------------------------------------------------------|-------------------|--------------|-------------------|--------------------------------|
| <b>REVENUES AND OTHER FINANCING SOURCES:</b>         |                   |              |                   |                                |
| State Sources:                                       |                   |              |                   |                                |
| SCC Grant                                            | \$ 11,504,658     |              | 11,504,658        | 11,504,658                     |
| Local Sources:                                       |                   |              |                   |                                |
| Bond proceeds and transfers                          | 28,539,879        |              | 28,539,879        | 28,539,879                     |
| Cancelled to Debt Service Fund                       | (309,279)         |              | (309,279)         | (309,279)                      |
| <b>Total Revenues</b>                                | <b>39,735,258</b> | <b>-</b>     | <b>39,735,258</b> | <b>39,735,258</b>              |
| <b>EXPENDITURES AND OTHER FINANCING USES:</b>        |                   |              |                   |                                |
| Purchased professional/technical services            | 3,629,964         |              | 3,629,964         | 3,629,964                      |
| Land and Improvements                                | 1,166,420         |              | 1,166,420         | 1,166,420                      |
| Construction services                                | 33,872,657        |              | 33,872,657        | 33,872,657                     |
| Equipment purchases                                  | 1,034,523         |              | 1,034,523         | 1,034,523                      |
| Other Objects                                        | 31,694            |              | 31,694            | 31,694                         |
| <b>Total Expenditures</b>                            | <b>39,735,258</b> | <b>-</b>     | <b>39,735,258</b> | <b>39,735,258</b>              |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <b>\$ -</b>       | <b>-</b>     | <b>-</b>          | <b>-</b>                       |
| <b>ADDITIONAL PROJECT INFORMATION:</b>               |                   |              |                   |                                |
| Project Number                                       | G5-0362           |              |                   |                                |
| Grant Date                                           | June 4, 2002      |              |                   |                                |
| Bond Authorization Date                              | April 1, 2002     |              |                   |                                |
| Bonds Authorized                                     | 28,539,879        |              |                   |                                |
| Bonds Issued                                         | 28,539,000        |              |                   |                                |
| Original Cost Authorized                             | 40,058,849        |              |                   |                                |
| Additional Authorized Cost                           | (323,591)         |              |                   |                                |
| Revised Authorized Cost                              | 39,735,258        |              |                   |                                |
| Percentage Increase over Original<br>Authorized Cost | -1%               |              |                   |                                |
| Percentage Completion                                | 100%              |              |                   |                                |
| Original Target Completion Date                      | June 2005         |              |                   |                                |
| Revised Target Completion Date                       | November 2005     |              |                   |                                |

See accompanying auditor's report

**OCEAN CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Improvements and Renovations to the Intermediate School**  
**From Inception and for the Year Ended June 30, 2015**

|                                                      | Prior Periods    | Current Year | Totals           | Revised<br>Authorized<br>Costs |
|------------------------------------------------------|------------------|--------------|------------------|--------------------------------|
| <b>REVENUES AND OTHER FINANCING SOURCES:</b>         |                  |              |                  |                                |
| State Sources:                                       |                  |              |                  |                                |
| SDA Grant                                            | \$ 3,408,856     |              | 3,408,856        | 3,408,856                      |
| Local Sources                                        |                  |              |                  |                                |
| Transfer from Capital Reserve                        | 1,636,225        |              | 1,636,225        | 1,636,225                      |
| Bond proceeds and transfers                          | 3,469,447        |              | 3,469,447        | 3,469,447                      |
| Cancelled to Debt Service Fund                       | (23,432)         |              | (23,432)         | (23,432)                       |
| <b>Total Revenues</b>                                | <b>8,491,096</b> | <b>-</b>     | <b>8,491,096</b> | <b>8,491,096</b>               |
| <b>EXPENDITURES AND OTHER FINANCING USES:</b>        |                  |              |                  |                                |
| Purchased professional/technical services            | 269,777          |              | 269,777          | 269,777                        |
| Construction services                                | 8,221,319        |              | 8,221,319        | 8,221,319                      |
| <b>Total Expenditures</b>                            | <b>8,491,096</b> | <b>-</b>     | <b>8,491,096</b> | <b>8,491,096</b>               |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ -             | -            | -                | -                              |
| <b>ADDITIONAL PROJECT INFORMATION:</b>               |                  |              |                  |                                |
| Project Number                                       | G5-0363          |              |                  |                                |
| Grant Date                                           | 7/2009           |              |                  |                                |
| Bond Authorization Date                              | 9/29/2009        |              |                  |                                |
| Bonds Authorized                                     | 3,469,447        |              |                  |                                |
| Bonds Issued                                         | 3,469,000        |              |                  |                                |
| Original Cost Authorized                             | 8,522,140        |              |                  |                                |
| Additional Authorized Cost                           | (31,044)         |              |                  |                                |
| Revised Authorized Cost                              | 8,491,096        |              |                  |                                |
| Percentage Increase over Original<br>Authorized Cost | 0%               |              |                  |                                |
| Percentage Completion                                | 100%             |              |                  |                                |
| Original Target Completion Date                      | 9/1/2010         |              |                  |                                |
| Revised Target Completion Date                       | 9/1/2010         |              |                  |                                |

**OCEAN CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Improvements and Renovations to the Primary School**  
**From Inception and for the Year Ended June 30, 2015**

|                                                      | Prior Periods       | Current Year       | Totals           | Revised<br>Authorized<br>Costs |
|------------------------------------------------------|---------------------|--------------------|------------------|--------------------------------|
| <b>REVENUES AND OTHER FINANCING SOURCES:</b>         |                     |                    |                  |                                |
| State Sources:                                       |                     |                    |                  |                                |
| SDA Grant                                            | \$ 2,399,279        |                    | 2,399,279        | 2,399,279                      |
| Local Sources:                                       |                     |                    |                  |                                |
| Transfer from Capital Reserve                        | 1,101,497           | 655,592            | 1,757,089        | 1,756,667                      |
| Bond proceeds and transfers                          | 2,497,000           |                    | 2,497,000        | 2,497,000                      |
| <b>Total Revenues</b>                                | <b>5,997,776</b>    | <b>655,592</b>     | <b>6,653,368</b> | <b>6,652,946</b>               |
| <b>EXPENDITURES AND OTHER FINANCING USES:</b>        |                     |                    |                  |                                |
| Purchased professional/technical services            | 197,227             | 425,918            | 623,145          | 833,845                        |
| Construction services                                |                     | 5,681,573          | 5,681,573        | 5,819,101                      |
| <b>Total Expenditures</b>                            | <b>197,227</b>      | <b>6,107,491</b>   | <b>6,304,718</b> | <b>6,652,946</b>               |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <b>\$ 5,800,549</b> | <b>(5,451,899)</b> | <b>348,650</b>   | <b>-</b>                       |
| <b>ADDITIONAL PROJECT INFORMATION:</b>               |                     |                    |                  |                                |
| Project Number                                       | G5-6231             |                    |                  |                                |
| Grant Date                                           | 5/2/2014            |                    |                  |                                |
| Bond Authorization Date                              | 3/11/2014           |                    |                  |                                |
| Bonds Authorized                                     | 2,497,000           |                    |                  |                                |
| Bonds Issued                                         | 2,497,000           |                    |                  |                                |
| Original Cost Authorized                             | 5,997,776           |                    |                  |                                |
| Additional Authorized Cost                           |                     |                    |                  |                                |
| Revised Authorized Cost                              | 5,997,776           |                    |                  |                                |
| Percentage Increase over Original<br>Authorized Cost | 0%                  |                    |                  |                                |
| Percentage Completion                                | 95%                 |                    |                  |                                |
| Original Target Completion Date                      | 6/30/2015           |                    |                  |                                |
| Revised Target Completion Date                       | 6/30/2015           |                    |                  |                                |

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## FIDUCIARY FUNDS DETAIL STATEMENTS

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

**Scholarship Fund** – This is an expendable trust fund.

**Unemployment Compensation Fund** – This is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholdings in prior years.

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

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

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



**OCEAN CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2015**

|                                                             | Unemployment<br>Compensation<br>Trust | Private<br>Purpose<br>Trust | Agency<br>Funds | Totals     |
|-------------------------------------------------------------|---------------------------------------|-----------------------------|-----------------|------------|
| <b>ASSETS</b>                                               |                                       |                             |                 |            |
| Cash and Cash Equivalents                                   | \$ 187,303                            | 79,342                      | 376,248         | 642,893    |
| Investments, at Fair Value:                                 |                                       |                             |                 |            |
| Certificate of Deposit                                      | 177,302                               | 6,773                       | 31,448          | 215,523    |
| Total Cash and Investments                                  | 364,605                               | 86,115                      | 407,696         | 858,416    |
| Interfund Receivable                                        | 27,888                                | -                           | -               | 27,888     |
| Total Assets                                                | 392,493                               | 86,115                      | 407,696         | 886,304    |
| <b>LIABILITIES</b>                                          |                                       |                             |                 |            |
| Accounts Payable                                            | 12,828                                |                             |                 | 12,828     |
| Interfunds Payable                                          |                                       |                             | 27,888          | 27,888     |
| Payable to Student Groups                                   |                                       |                             | 301,702         | 301,702    |
| Payroll Deductions & Withholdings                           |                                       |                             | 78,106          | 78,106     |
| Total Liabilities                                           | 12,828                                | -                           | 407,696         | 420,524    |
| <b>Net Position</b>                                         |                                       |                             |                 |            |
| Held in Trust for Unemployment<br>Claims and Other Purposes | \$ 379,665                            | \$ 86,115                   |                 | 379,665    |
| Reserve for Scholarships                                    |                                       |                             |                 | 86,115     |
| Total Net Position                                          |                                       | \$ 86,115                   |                 | 465,780    |
| Total Liabilities and Net Position                          |                                       | \$ 86,115                   | \$ 407,696      | \$ 886,304 |

**OCEAN CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2015**

|                                      | Unemployment<br>Compensation<br>Trust | Private<br>Purpose<br>Trust | Totals         |
|--------------------------------------|---------------------------------------|-----------------------------|----------------|
| <b>ADDITIONS</b>                     |                                       |                             |                |
| Contributions:                       |                                       |                             |                |
| Plan Member                          | \$ 32,181                             | -                           | 32,181         |
| Other                                |                                       | 124,600                     | 124,600        |
| Total Contributions                  | <u>32,181</u>                         | <u>124,600</u>              | <u>156,781</u> |
| Investments Earnings:                |                                       |                             |                |
| Interest                             | 312                                   | 151                         | 463            |
| Net Investment Earnings              | <u>312</u>                            | <u>151</u>                  | <u>463</u>     |
| Total Additions                      | <u>32,493</u>                         | <u>124,751</u>              | <u>157,244</u> |
| Deductions                           |                                       |                             |                |
| Unemployment Claims                  | 34,942                                | 131,750                     | 34,942         |
| Scholarships Awarded                 |                                       |                             | 131,750        |
| Total Deductions                     | <u>34,942</u>                         | <u>131,750</u>              | <u>166,692</u> |
| Change in Net Position               | (2,449)                               | (6,999)                     | (9,448)        |
| Net Position - Beginning of the Year | <u>382,114</u>                        | <u>93,114</u>               | <u>475,228</u> |
| Net Position - End of the Year       | <u>\$ 379,665</u>                     | <u>86,115</u>               | <u>465,780</u> |

**OCEAN CITY SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2015**

|                                      | Balance<br>July 1, 2014  | Additions             | Deletions             | Balance<br>June 30, 2015 |
|--------------------------------------|--------------------------|-----------------------|-----------------------|--------------------------|
| Primary School Activity Account      | \$ 10,545                | 3,865.00              | 4,159.00              | 10,251                   |
| Intermediate School Activity Account | 29,154                   | 73,711                | 77,084                | 25,781                   |
| High School Activity Account         | 222,105                  | 379,996               | 339,459               | 262,642                  |
| High School Red & White Account      | 1,759                    | 80,169                | 78,900                | 3,028                    |
| <b>Total Assets</b>                  | <u><u>\$ 263,563</u></u> | <u><u>537,741</u></u> | <u><u>499,602</u></u> | <u><u>301,702</u></u>    |

**OCEAN CITY SCHOOL DISTRICT  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
As of June 30, 2015**

|                                  | Balance<br>July 1, 2014 | Additions                | Deletions                | Balance<br>June 30, 2015 |
|----------------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| <b>ASSETS:</b>                   |                         |                          |                          |                          |
| Cash and Cash Equivalents        | \$ 304,798              | 26,664,198               | 26,863,002               | 105,994                  |
| <b>Total Assets</b>              | <u><u>304,798</u></u>   | <u><u>26,664,198</u></u> | <u><u>26,863,002</u></u> | <u><u>105,994</u></u>    |
| <b>LIABILITIES:</b>              |                         |                          |                          |                          |
| Payroll Deductions & Withholding | 244,982                 | 12,132,470               | 12,299,346               | 78,106                   |
| Net Payroll                      | -                       | 14,503,840               | 14,503,840               | -                        |
| Interfund Payable                | 59,816                  | 27,888                   | 59,816                   | 27,888                   |
| <b>Total Liabilities</b>         | <u><u>304,798</u></u>   | <u><u>26,664,198</u></u> | <u><u>26,863,002</u></u> | <u><u>105,994</u></u>    |

## **LONG-TERM DEBT SCHEDULES**

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



**OCEAN CITY SCHOOL DISTRICT**  
**Schedule of General Serial Bonds**  
**As of June 30, 2015**

| Improvement Description                               | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding June 30, 2014 |           |        | Interest Rate        | Balance June 30, 2014 | Increased        | Decreased         | Balance June 30, 2015 |
|-------------------------------------------------------|---------------|--------------------------|-----------------------------------------------|-----------|--------|----------------------|-----------------------|------------------|-------------------|-----------------------|
|                                                       |               |                          | Date                                          | Amount    |        |                      |                       |                  |                   |                       |
| Refunding Bonds, Series 2005                          | 9/1/2005      | \$ 19,510,000            | 4/1/2016                                      | 1,640,000 | 5.000% | \$ 14,940,000        |                       | 1,555,000        | 13,385,000        |                       |
|                                                       |               |                          | 4/1/2017                                      | 1,725,000 | 5.000% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 4/1/2018                                      | 1,810,000 | 5.000% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 4/1/2019                                      | 1,925,000 | 5.000% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 4/1/2020                                      | 2,040,000 | 5.000% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 4/1/2021                                      | 2,140,000 | 4.000% |                      |                       |                  |                   |                       |
| Various Improvements at the Intermediate School       | 2/24/2010     | 3,469,000                | 9/15/2015                                     | 345,000   | 2.000% | 2,149,000            |                       | 340,000          | 1,809,000         |                       |
|                                                       |               |                          | 9/15/2016                                     | 355,000   | 2.250% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 9/15/2017                                     | 370,000   | 2.600% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 9/15/2018                                     | 360,000   | 2.800% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 9/15/2019                                     | 379,000   | 3.000% |                      |                       |                  |                   |                       |
| Various Improvement and Renovations to Primary School | 5/15/2014     | 2,497,000                | 5/15/2016                                     | 225,000   | 1.000% | 2,497,000            |                       | -                | 2,497,000         |                       |
|                                                       |               |                          | 5/15/2017                                     | 240,000   | 1.000% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 5/15/2018                                     | 250,000   | 1.000% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 5/15/2019                                     | 265,000   | 1.500% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 5/15/2020                                     | 275,000   | 2.000% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 5/15/2021                                     | 290,000   | 2.000% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 5/15/2022                                     | 300,000   | 2.200% |                      |                       |                  |                   |                       |
|                                                       |               |                          | 5/15/2023                                     | 315,000   | 2.250% |                      |                       |                  |                   |                       |
|                                                       |               | 5/15/2024                | 337,000                                       | 2.250%    |        |                      |                       |                  |                   |                       |
|                                                       |               |                          |                                               |           |        | <u>\$ 19,586,000</u> | <u>\$ -</u>           | <u>1,895,000</u> | <u>17,691,000</u> |                       |

See accompanying auditor's report

**OCEAN CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended June 30, 2015**

|                                                                                            | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual    | Variance<br>Positive (Negative)<br>Final to Actual |
|--------------------------------------------------------------------------------------------|--------------------|---------------------|-----------------|-----------|----------------------------------------------------|
| <b>REVENUES:</b>                                                                           |                    |                     |                 |           |                                                    |
| Local Sources:                                                                             |                    |                     |                 |           |                                                    |
| Local Tax Levy                                                                             | \$ 2,716,545       |                     | 2,716,545       | 2,716,545 | -                                                  |
| Total - Local Sources                                                                      | 2,716,545          | -                   | 2,716,545       | 2,716,545 | -                                                  |
| Total Revenues                                                                             | 2,716,545          | -                   | 2,716,545       | 2,716,545 | -                                                  |
| <b>EXPENDITURES:</b>                                                                       |                    |                     |                 |           |                                                    |
| Regular Debt Service:                                                                      |                    |                     |                 |           |                                                    |
| Redemption of Principal                                                                    | 1,895,000          |                     | 1,895,000       | 1,895,000 | -                                                  |
| Interest on Bonds                                                                          | 821,626            |                     | 821,626         | 797,280   | 24,346                                             |
| Total Regular Debt Service                                                                 | 2,716,626          | -                   | 2,716,626       | 2,692,280 | 24,346                                             |
| Total Expenditures                                                                         | 2,716,626          | -                   | 2,716,626       | 2,692,280 | 24,346                                             |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures                               | (81)               | -                   | (81)            | 24,265    | 24,346                                             |
| Other Financing Sources(Uses):                                                             |                    |                     |                 |           |                                                    |
| Operating Transfers In:                                                                    |                    |                     |                 |           |                                                    |
| Transfers in from Other Funds                                                              |                    |                     | -               | 5,489     | 5,489                                              |
| Excess (Deficiency) of Revenues and<br>Other Financing Sources Over(Under)<br>Expenditures | (81)               | -                   | (81)            | 29,754    | 29,835                                             |
| Fund Balance, July 1                                                                       | 333,680            | -                   | 333,680         | 333,680   | -                                                  |
| Fund Balance, June 30                                                                      | 333,599            | -                   | 333,599         | 363,434   | 29,835                                             |
| Recapitulation of Excess (Deficiency) of<br>Revenues Over (Under) Expenditures             |                    |                     |                 |           |                                                    |
| Budgeted Fund Balance                                                                      | \$ (81)            | -                   | (81)            | 29,754    | 29,835                                             |

**STATISTICAL SECTION**



**Ocean City School District  
Net Position by Component,  
Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-1**

|                                             | Fiscal Year ended June 30, |             |             |             |             |             |             |            |            |              |
|---------------------------------------------|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|--------------|
|                                             | 2006                       | 2007        | 2008        | 2009        | 2010        | 2011        | 2012        | 2013       | 2014       | 2015         |
| <b>Governmental activities</b>              |                            |             |             |             |             |             |             |            |            |              |
| Net investment in capital assets            | 20,815,359                 | 20,446,909  | 20,890,288  | 20,928,514  | 19,286,385  | 26,003,285  | 25,982,531  | 24,960,564 | 25,325,131 | 30,286,131   |
| Restricted                                  | 5,845,998                  | 5,669,317   | 5,270,049   | 5,163,189   | 9,724,692   | 6,126,935   | 9,333,567   | 10,372,280 | 9,962,939  | 11,511,538   |
| Unrestricted                                | (2,318,008)                | (1,770,684) | (1,273,549) | (2,807,807) | (1,008,182) | (2,055,144) | (2,109,267) | (503,206)  | 1,707,816  | (10,731,819) |
| Total governmental activities net position  | 24,343,349                 | 24,345,542  | 24,886,788  | 23,283,896  | 27,962,894  | 30,075,077  | 33,206,837  | 34,829,638 | 36,995,866 | 31,066,050   |
| <b>Business-type activities</b>             |                            |             |             |             |             |             |             |            |            |              |
| Net investment in capital assets            | 169,839                    | 153,253     | 139,634     | 130,776     | 117,756     | 107,057     | 94,197      | 81,337     | 75,268     | 76,004       |
| Restricted                                  | 54,353                     | 77,353      | 53,253      | 49,745      | 46,591      | 8,313       | 29,461      | (72,991)   | (90,950)   | 24,756       |
| Total business-type activities net position | 224,192                    | 230,606     | 192,857     | 180,521     | 164,347     | 116,370     | 123,658     | 8,346      | (15,722)   | 100,760      |
| <b>District-wide</b>                        |                            |             |             |             |             |             |             |            |            |              |
| Net investment in capital assets            | 20,985,198                 | 20,600,162  | 21,029,922  | 21,059,290  | 19,384,141  | 26,110,342  | 26,076,728  | 25,041,901 | 25,400,399 | 30,362,135   |
| Restricted                                  | 5,845,998                  | 5,669,317   | 5,270,049   | 5,163,189   | 9,724,692   | 6,126,935   | 9,333,567   | 10,372,280 | 9,962,939  | 11,511,538   |
| Unrestricted                                | (2,263,656)                | (1,693,331) | (1,220,296) | (2,758,062) | (961,591)   | (2,045,837) | (2,079,806) | (576,197)  | 1,616,826  | (10,706,863) |
| Total district net position                 | 24,567,540                 | 24,576,148  | 25,079,675  | 23,464,417  | 28,147,241  | 30,191,446  | 33,330,488  | 34,837,984 | 36,980,164 | 31,186,810   |

Source: CAFR Schedule A-1

**Ocean City School District  
Changes in Net Position,  
Last Ten Fiscal Years**  
*(accrual basis of accounting)*

|                                                | Fiscal Year ended June 30, |              |              |              |              |              |              |              |              |              |
|------------------------------------------------|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                | 2006                       | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         |
| <b>Expenses</b>                                |                            |              |              |              |              |              |              |              |              |              |
| Governmental activities:                       |                            |              |              |              |              |              |              |              |              |              |
| Instruction:                                   |                            |              |              |              |              |              |              |              |              |              |
| Regular                                        | 19,691,886                 | 20,736,504   | 19,662,740   | 20,511,306   | 19,001,560   | 18,862,396   | 18,690,896   | 20,028,740   | 18,890,343   | 22,589,476   |
| Special education                              | 4,097,486                  | 4,102,180    | 4,236,688    | 4,739,710    | 4,588,989    | 4,658,772    | 4,654,783    | 4,750,874    | 4,699,907    | 5,696,127    |
| Other special education                        | 1,965,798                  | 2,194,283    | 2,281,307    | 2,163,831    | 2,235,270    | 2,172,481    | 1,991,674    | 1,982,505    | 1,926,487    | 2,448,933    |
| Support Services:                              |                            |              |              |              |              |              |              |              |              |              |
| Tuition                                        | 757,887                    | 680,669      | 436,352      | 169,351      | 156,864      | 135,328      | 356,510      | 304,527      | 329,485      | 275,748      |
| Student & instruction related services         | 5,248,547                  | 5,350,975    | 5,125,681    | 5,458,226    | 5,280,238    | 5,171,935    | 4,747,828    | 4,997,511    | 4,726,324    | 5,159,198    |
| School administrative services                 | 1,884,029                  | 2,571,754    | 2,434,304    | 2,228,400    | 1,808,912    | 1,824,061    | 1,806,159    | 1,821,997    | 1,782,691    | 1,879,058    |
| General Administration and Business Services   | 1,338,440                  | 986,669      | 1,063,256    | 1,557,577    | 1,645,113    | 1,478,865    | 1,573,079    | 1,664,901    | 1,914,406    | 1,805,596    |
| Plant operations and maintenance               | 4,696,218                  | 4,949,240    | 5,066,059    | 4,201,377    | 4,765,229    | 4,132,487    | 4,252,785    | 4,917,742    | 5,049,216    | 4,838,006    |
| Pupil transportation                           | 770,113                    | 842,233      | 876,900      | 941,514      | 913,898      | 887,414      | 887,421      | 944,321      | 1,209,151    | 896,924      |
| Special schools                                | 126,891                    | 128,247      | 121,009      | 143,960      | 68,001       | 16,402       | 13,506       | -            | -            | -            |
| Charter Schools                                | 13,346                     | 35,191       | 33,077       | 71,840       | 75,224       | 52,159       | 62,899       | 42,374       | 3,716        | 9,904        |
| Interest on long-term debt                     | 773,411                    | 1,159,700    | 1,120,564    | 1,091,185    | 1,021,506    | 939,859      | 964,837      | 986,171      | 971,712      | 772,318      |
| Unallocated depreciation                       | -                          | -            | -            | -            | -            | -            | 20,151       | -            | -            | -            |
| Total governmental activities expenses         | 41,364,052                 | 43,737,644   | 42,518,117   | 43,278,277   | 41,597,815   | 40,352,158   | 40,002,527   | 42,553,663   | 41,503,438   | 46,371,286   |
| Business-type activities:                      |                            |              |              |              |              |              |              |              |              |              |
| Food service                                   | 718,664                    | 733,992      | 754,460      | 778,956      | 740,086      | 729,478      | 698,153      | 697,500      | 618,209      | 642,339      |
| Total business-type activities expenses        | 718,664                    | 733,992      | 754,460      | 778,956      | 740,086      | 729,478      | 698,153      | 697,500      | 618,209      | 642,339      |
| Total district expenses                        | 42,082,716                 | 44,471,636   | 43,272,576   | 44,057,233   | 42,337,900   | 41,061,637   | 40,700,680   | 43,251,163   | 42,121,647   | 47,013,625   |
| <b>Program Revenues</b>                        |                            |              |              |              |              |              |              |              |              |              |
| Governmental activities:                       |                            |              |              |              |              |              |              |              |              |              |
| Charges for services:                          |                            |              |              |              |              |              |              |              |              |              |
| Instruction                                    | 14,300,985                 | 15,745,641   | 15,368,212   | 13,887,901   | 14,464,451   | 13,959,021   | 13,602,146   | 12,922,719   | 10,959,443   | 10,458,451   |
| Operating grants and contributions             | 5,366,554                  | 6,538,676    | 6,612,800    | 3,621,913    | 866,859      | 4,306,864    | 5,042,105    | 5,874,914    | 4,388,293    | 5,571,864    |
| Capital grants and contributions               | -                          | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Total governmental activities program revenues | 19,667,539                 | 22,284,317   | 21,981,012   | 17,509,814   | 15,331,310   | 18,265,886   | 18,644,251   | 18,897,633   | 15,347,736   | 16,030,335   |
| Business-type activities:                      |                            |              |              |              |              |              |              |              |              |              |
| Charges for services:                          |                            |              |              |              |              |              |              |              |              |              |
| Food service                                   | 480,925                    | 556,298      | 533,890      | 533,308      | 497,174      | 460,308      | 410,868      | 330,862      | 365,440      | 375,574      |
| Operating grants and contributions             | 151,892                    | 155,164      | 178,423      | 208,011      | 226,271      | 220,648      | 244,308      | 201,130      | 228,236      | 243,342      |
| Capital grants and contributions               | -                          | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Total business-type activities program revenue | 632,817                    | 711,462      | 712,313      | 741,319      | 723,445      | 680,957      | 655,176      | 531,993      | 593,676      | 618,916      |
| Total district program revenue                 | 20,300,356                 | 22,995,780   | 22,693,325   | 18,251,133   | 16,054,755   | 18,946,842   | 19,299,426   | 19,429,626   | 15,941,412   | 16,649,251   |
| <b>Net (Expense)/Revenue</b>                   |                            |              |              |              |              |              |              |              |              |              |
| Governmental activities                        | (21,696,513)               | (21,453,327) | (20,537,104) | (25,768,462) | (26,266,505) | (22,066,273) | (21,358,276) | (23,656,030) | (26,155,702) | (30,340,951) |
| Business-type activities                       | (75,847)                   | (22,530)     | (42,147)     | (37,637)     | (18,641)     | (48,522)     | (42,978)     | (166,507)    | (24,533)     | (23,423)     |
| Total district-wide net expense                | (21,772,360)               | (21,475,857) | (20,579,251) | (25,806,100) | (26,285,146) | (22,114,794) | (21,401,254) | (23,822,537) | (26,180,235) | (30,364,374) |

**Ocean City School District**  
**Changes in Net Position,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

|                                                           | Fiscal Year ended June 30, |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|-----------------------------------------------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                           | 2006                       | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              |
| <b>General Revenues and Other Changes in Net Position</b> |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Governmental activities:                                  |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Property taxes levied for general purposes, net           | 18,506,939                 | 18,451,332        | 18,898,956        | 19,683,731        | 20,471,080        | 21,289,923        | 21,640,721        | 21,640,721        | 21,640,721        | 21,965,332        |
| Taxes levied for debt service                             | 2,094,774                  | 2,099,140         | 2,109,195         | 2,180,439         | 2,215,880         | 2,572,195         | 2,613,155         | 2,631,863         | 2,640,851         | 2,716,545         |
| Unrestricted grants and contributions                     | 611,092                    | 587,605           | 630,112           | 2,019,138         | 7,945,836         | 196,745           | 372,949           | 941,644           | 3,312,246         | 9,129,118         |
| Investment earnings                                       | 263,541                    | 304,156           | 162,011           | 10,020            | 69,988            | 65,887            | 22,449            | 11,979            | 12,885            | 8,489             |
| Miscellaneous income                                      | 273,787                    | 171,724           | 190,226           | 296,807           | 262,719           | 194,946           | 111,907           | 104,917           | 716,090           | 386,821           |
| Special item - Loss on Disposal of Capital Assets         |                            | (133,439)         |                   |                   |                   | (161,243)         |                   |                   |                   |                   |
| Extraordinary item - Loss of Sale of Securities           | (228,000)                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Extraordinary item - Loss on Refunding Bonds              |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Transfers                                                 | (25,000)                   | (25,000)          | (1,325)           | (24,565)          | (30,965,503)      | 24,158,456        | (50,000)          | (2,287)           | (3,275)           | (125,000)         |
| <b>Total governmental activities</b>                      | <b>21,497,132</b>          | <b>21,455,520</b> | <b>21,989,175</b> | <b>24,165,570</b> | <b>30,965,503</b> | <b>24,158,456</b> | <b>24,711,181</b> | <b>25,278,837</b> | <b>28,321,528</b> | <b>34,081,305</b> |
| Business-type activities:                                 |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Investment earnings                                       | 4,123                      | 3,944             | 3,103             | 487               | 467               | 544               | 266               | 195               | 465               | 522               |
| Transfers                                                 | 25,000                     | 25,000            | 1,325             | 219               |                   |                   | 50,000            | 50,000            | -                 | 125,000           |
| Loss on Disposal of Capital Assets                        |                            |                   |                   | 24,565            |                   |                   |                   |                   |                   |                   |
| <b>Total business-type activities</b>                     | <b>29,123</b>              | <b>28,944</b>     | <b>4,428</b>      | <b>25,271</b>     | <b>467</b>        | <b>544</b>        | <b>50,266</b>     | <b>50,195</b>     | <b>465</b>        | <b>125,522</b>    |
| <b>Total district-wide</b>                                | <b>21,526,256</b>          | <b>21,484,464</b> | <b>21,993,603</b> | <b>24,190,841</b> | <b>30,965,971</b> | <b>24,158,999</b> | <b>24,761,447</b> | <b>25,329,032</b> | <b>28,321,993</b> | <b>34,206,827</b> |
| Changes in Net Position                                   | (199,381)                  | 2,193             | 1,452,070         | (1,602,893)       | 4,698,998         | 2,092,183         | 3,352,905         | 1,622,807         | 2,165,826         | 3,740,354         |
| Governmental activities                                   | (46,724)                   | 6,414             | (37,718)          | (12,366)          | (16,174)          | (47,978)          | 7,988             | (115,312)         | (24,068)          | 102,099           |
| Business-type activities                                  | (246,104)                  | 8,607             | 1,414,352         | (1,615,259)       | 4,682,825         | 2,044,205         | 3,360,193         | 1,507,465         | 2,141,758         | 3,842,453         |
| Total district                                            |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |

Source: CAFR Schedule A-2

Ocean City School District  
 Fund Balances, Governmental Funds,  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

|                                           | Fiscal Year ended June 30, |                  |                  |                   |                  |                  |                  |                   |                  |                  |
|-------------------------------------------|----------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
|                                           | 2006                       | 2007             | 2008             | 2009              | 2010             | 2011             | 2012             | 2013              | 2014             | 2015             |
| <b>General Fund</b>                       |                            |                  |                  |                   |                  |                  |                  |                   |                  |                  |
| Restricted                                | -                          | -                | -                | -                 | -                | 2,767,494        | 3,271,787        | 3,004,924         | 2,668,937        | 2,879,983        |
| Committed                                 |                            |                  |                  |                   |                  | 3,222,684        | 4,770,684        | 6,695,262         | 4,492,672        | 4,980,502        |
| Assigned                                  |                            |                  |                  |                   |                  | 142,886          | 911,879          | 324,779           | 2,103,548        | 95,002           |
| Unassigned                                |                            |                  |                  |                   |                  | 689,972          | 665,448          | 572,865           | 458,858          | 477,009          |
| Reserved                                  | 4,543,542                  | 4,519,440        | 4,997,909        | 5,080,191         | 4,542,113        |                  |                  |                   |                  |                  |
| Unreserved                                | 1,625,314                  | 1,121,372        | 858,785          | 609,853           | 565,497          |                  |                  |                   |                  |                  |
| <b>Total general fund</b>                 | <b>6,168,856</b>           | <b>5,640,812</b> | <b>5,856,694</b> | <b>5,690,044</b>  | <b>5,107,610</b> | <b>6,823,046</b> | <b>9,619,798</b> | <b>10,597,830</b> | <b>9,724,015</b> | <b>8,432,496</b> |
| <b>All Other Governmental Funds</b>       |                            |                  |                  |                   |                  |                  |                  |                   |                  |                  |
| Restricted:                               |                            |                  |                  |                   |                  |                  |                  |                   |                  |                  |
| Reported in Capital Projects Fund         | -                          | -                | -                | -                 | -                | 359,217          | 359,217          | 347,022           | 3,480,161        | (659,792)        |
| Reported in Debt Service Fund             |                            |                  |                  |                   |                  | 8                | 212              | 283               | 333,680          | 29,835           |
| Committed:                                |                            |                  |                  |                   |                  |                  |                  |                   |                  |                  |
| Reported in Capital Projects Fund         |                            |                  |                  |                   |                  | 20,000           | 20,000           | -                 | -                | -                |
| Assigned                                  |                            |                  |                  |                   |                  |                  |                  |                   |                  |                  |
| Unassigned                                | 383,220                    | -                | -                | 66,359            | 6,300,905        |                  |                  |                   |                  |                  |
| Reserved                                  | (9,251)                    | (9,251)          | (9,251)          |                   |                  |                  |                  |                   |                  |                  |
| Unreserved, reported in:                  |                            |                  |                  |                   |                  |                  |                  |                   |                  |                  |
| Special revenue fund                      | 1,059,545                  | 1,336,711        | 511,206          | 330,074           | 924,744          |                  |                  |                   |                  |                  |
| Capital projects fund                     | 165,282                    | 96,439           | 31,679           | 20                | 8                |                  |                  |                   |                  |                  |
| Debt service fund                         |                            |                  |                  |                   |                  |                  |                  |                   |                  |                  |
| <b>Total all other governmental funds</b> | <b>1,598,796</b>           | <b>1,423,900</b> | <b>533,634</b>   | <b>\$ 396,452</b> | <b>7,225,658</b> | <b>379,225</b>   | <b>379,429</b>   | <b>347,315</b>    | <b>3,813,841</b> | <b>(629,957)</b> |

Source: CAFR Schedule B-1

Ocean City School District  
 Changes in Fund Balances, Governmental Funds,  
 Last Ten Fiscal Years

Exhibit J-4

|                                                           | 2006        | 2007       | 2008       | 2009       | 2010       | 2011        | 2012        | 2013       | 2014        | 2015        |
|-----------------------------------------------------------|-------------|------------|------------|------------|------------|-------------|-------------|------------|-------------|-------------|
| <b>Revenues</b>                                           |             |            |            |            |            |             |             |            |             |             |
| Tax Levy                                                  | 21,449,456  | 20,601,713 | 20,550,472 | 21,035,859 | 21,864,170 | 22,686,960  | 23,862,118  | 24,272,584 | 24,281,572  | 24,681,877  |
| Tuition charges                                           | 12,384,987  | 14,300,985 | 14,302,265 | 15,368,212 | 14,883,119 | 14,623,934  | 13,959,021  | 12,922,719 | 10,959,443  | 10,458,451  |
| Interest earnings                                         | 182,370     | 263,541    | 304,158    | 162,011    | 10,020     | 69,988      | 65,887      | 11,979     | 72,895      | 8,489       |
| Miscellaneous                                             | 527,634     | 277,536    | 186,377    | 200,509    | 408,850    | 330,601     | 294,365     | 185,611    | 173,196     | 456,380     |
| State sources                                             | 4,630,360   | 4,971,055  | 6,423,100  | 6,483,919  | 4,895,945  | 7,924,713   | 3,349,730   | 6,027,668  | 6,794,166   | 9,103,271   |
| Federal sources                                           | 1,097,342   | 1,002,936  | 688,528    | 721,001    | 633,062    | 819,654     | 1,054,462   | 808,195    | 851,267     | 1,085,993   |
| Total revenue                                             | 40,272,148  | 41,417,226 | 42,454,900 | 43,971,511 | 42,695,167 | 46,455,849  | 42,585,583  | 44,228,757 | 43,672,539  | 45,794,461  |
| <b>Expenditures</b>                                       |             |            |            |            |            |             |             |            |             |             |
| Instruction:                                              |             |            |            |            |            |             |             |            |             |             |
| Regular instruction                                       | 14,314,053  | 14,581,039 | 14,882,973 | 14,497,395 | 14,919,367 | 14,607,714  | 13,811,632  | 14,179,593 | 14,084,865  | 14,033,484  |
| Special education instruction                             | 3,329,868   | 3,348,468  | 3,188,107  | 3,382,051  | 3,532,771  | 3,514,445   | 3,561,120   | 3,495,186  | 3,521,092   | 3,538,661   |
| Other special education instruction                       | 1,482,150   | 1,500,630  | 1,638,694  | 1,705,850  | 1,703,900  | 1,711,862   | 1,600,474   | 1,441,084  | 1,443,292   | 1,521,375   |
| Support Services:                                         |             |            |            |            |            |             |             |            |             |             |
| Tuition                                                   | 948,931     | 757,887    | 680,669    | 436,352    | 169,351    | 195,864     | 135,328     | 304,527    | 254,820     | 275,748     |
| Student & instruction related services                    | 3,922,698   | 4,096,476  | 3,959,153  | 3,910,322  | 4,045,528  | 4,043,824   | 3,763,095   | 3,611,511  | 3,540,884   | 3,753,069   |
| General administrative services                           | 796,238     | 748,854    | 873,004    | 923,834    | 750,296    | 708,249     | 641,089     | 730,877    | 816,184     | 721,212     |
| School administrative services                            | 1,885,819   | 1,340,590  | 1,409,321  | 1,333,122  | 1,458,754  | 1,385,339   | 1,325,203   | 1,356,087  | 1,335,563   | 1,366,924   |
| Business administrative/central services                  | 511,223     | 492,169    | 503,349    | 497,761    | 494,971    | 551,647     | 533,812     | 577,858    | 571,873     | 592,272     |
| Plant operations and maintenance                          | 2,737,895   | 3,192,680  | 3,335,642  | 3,513,907  | 3,540,250  | 3,662,257   | 3,393,675   | 3,760,381  | 3,718,281   | 3,694,793   |
| Pupil transportation                                      | 748,081     | 761,834    | 832,124    | 861,650    | 925,984    | 913,898     | 876,972     | 931,832    | 905,876     | 896,924     |
| Unallocated employee benefits                             | 6,550,210   | 7,248,640  | 8,898,332  | 9,671,476  | 8,614,557  | 8,285,830   | 8,383,266   | 9,645,095  | 8,846,788   | 9,407,182   |
| Special schools                                           | 71,967      | 97,210     | 92,003     | 89,622     | 103,597    | 50,546      | 11,745      | -          | -           | -           |
| Charter schools                                           | 61,578      | 13,346     | 35,191     | 33,077     | 71,840     | 75,224      | 52,159      | 42,374     | 3,716       | 9,904       |
| Capital outlay                                            | 9,940,130   | 1,048,012  | 592,260    | 1,600,059  | 445,287    | 1,741,809   | 7,018,218   | 524,570    | 1,892,953   | 4,443,842   |
| Debt service:                                             |             |            |            |            |            |             |             |            |             |             |
| Principal                                                 | 920,000     | 1,405,000  | 1,030,000  | 1,055,000  | 1,115,000  | 1,200,000   | 1,555,000   | 1,720,000  | 1,805,000   | 1,895,000   |
| Interest and other charges                                | 1,304,668   | 783,062    | 1,182,018  | 1,133,093  | 1,082,980  | 1,030,018   | 1,053,793   | 911,863    | 836,063     | 797,280     |
| Total Expenditures                                        | 49,525,508  | 41,415,897 | 43,132,840 | 44,644,569 | 42,974,434 | 43,678,525  | 47,716,581  | 43,232,839 | 43,577,250  | 46,947,668  |
| Excess (Deficiency) of revenues over (under) expenditures | (9,253,360) | 1,328      | (677,940)  | (673,058)  | (279,267)  | 2,777,325   | (5,130,998) | 995,918    | 95,289      | (1,153,207) |
| <b>Other Financing Sources (Uses)</b>                     |             |            |            |            |            |             |             |            |             |             |
| Transfer in                                               | 69,971      | 52,404     | 44,035     | 14,137     | 20         | 1,661,900   | 36,578      | 81         | 1,435,096   | 661,081     |
| Transfer out                                              | (94,971)    | (77,404)   | (69,035)   | (15,463)   | (24,585)   | (1,661,900) | (36,578)    | (50,081)   | (1,435,096) | (786,081)   |
| Bond Proceeds                                             |             |            |            |            |            | 3,469,447   |             |            | 2,497,422   |             |
| Grant Revenue                                             |             |            |            |            |            |             |             |            |             |             |
| Cancelled Prior Year Payable                              |             |            |            |            |            |             |             |            |             |             |
| Total other financing sources (uses)                      | (25,000)    | (25,000)   | (25,000)   | (1,325)    | (24,565)   | 3,469,447   | -           | (50,000)   | 2,497,422   | (125,000)   |
| <b>Extraordinary Item</b>                                 |             |            |            |            |            |             |             |            |             |             |
| Loss on Sale of Securities                                |             |            |            |            |            |             |             |            |             |             |
| Net change in fund balances                               | (9,278,360) | (23,672)   | (702,940)  | (674,383)  | (303,832)  | 6,246,772   | (5,130,998) | 945,918    | 2,592,711   | (1,278,207) |
| Debt service as a percentage of noncapital expenditures   | 5.62%       | 5.42%      | 5.20%      | 5.08%      | 5.17%      | 5.32%       | 6.41%       | 6.16%      | 6.34%       | 6.33%       |

Source: CAFR Schedule B-2

**Exhibit J-5**

**Ocean City School District  
General Fund Other Local Revenue by Source,  
Last Ten Fiscal Years  
(Unaudited)**

| Fiscal Year<br>Ended June 30, | Interest on<br>Investments | Retroactive<br>EDA Grant | Refunds/<br>Rebates | Miscellaneous | Totals  |
|-------------------------------|----------------------------|--------------------------|---------------------|---------------|---------|
| 2006                          | 211,137                    |                          | 77,113              | 182,123       | 470,373 |
| 2007                          | 260,123                    |                          | 52,354              | 119,370       | 431,847 |
| 2008                          | 162,011                    |                          | 97,751              | 102,758       | 362,520 |
| 2009                          | 61,805                     |                          | 4,320               | 240,682       | 306,807 |
| 2010                          | 45,925                     |                          | 74,125              | 194,139       | 314,189 |
| 2011                          | 54,985                     |                          | -                   | 194,948       | 249,933 |
| 2012                          | 22,238                     |                          | 50,555              | 61,352        | 134,145 |
| 2013                          | 11,898                     |                          | 74,014              | 30,903        | 116,815 |
| 2014                          | 12,429                     |                          |                     | 718,090       | 730,519 |
| 2015                          | 3,000                      |                          |                     | 386,821       | 389,821 |

Source: District Records

Ocean City School District  
 Assessed Value and Actual Value of Taxable Property,  
 Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Vacant Land | Residential    | Commercial  | Industrial | Apartment  | Total Assessed Value | Less Tax-exempt Property | Public Utilities | Net Valuation Taxable | Total District School Tax Rate | County Equalized Value |
|----------------------------|-------------|----------------|-------------|------------|------------|----------------------|--------------------------|------------------|-----------------------|--------------------------------|------------------------|
| 2006                       | 227,494,300 | 7,397,058,100  | 358,525,300 | 533,600    | 26,957,300 | 8,010,568,600        | -                        | 3,738,703        | 8,014,307,303         | 0.258                          | 11,717,648,858         |
| 2007                       | 170,213,100 | 7,699,559,700  | 349,838,900 | 533,600    | 25,958,100 | 8,246,103,400        | -                        | 3,253,364        | 8,249,356,764         | 0.172                          | 14,003,892,330         |
| 2008                       | 241,947,700 | 11,883,281,300 | 554,733,747 | 733,300    | 54,122,800 | 12,734,818,847       | -                        | 5,667,086        | 12,740,485,933        | 0.172                          | 13,548,158,262         |
| 2009                       | 203,206,600 | 12,005,892,900 | 551,146,947 | 733,300    | 54,122,800 | 12,815,102,547       | -                        | 5,227,845        | 12,820,330,392        | 0.177                          | 13,340,913,368         |
| 2010                       | 173,362,600 | 12,082,661,200 | 537,615,447 | 733,300    | 53,204,200 | 12,847,576,747       | -                        | 5,039,299        | 12,852,616,046        | 0.186                          | 13,122,348,497         |
| 2011                       | 191,622,200 | 12,053,938,400 | 549,540,300 | 733,300    | 52,427,400 | 12,848,261,600       | -                        | 4,667,892        | 12,852,929,492        | 0.189                          | 12,795,982,792         |
| 2012                       | 157,997,800 | 11,417,205,300 | 541,596,800 | 733,300    | 49,640,800 | 12,167,174,000       | -                        | 4,615,847        | 12,171,789,847        | 0.200                          | 11,618,651,176         |
| 2013                       | 134,356,700 | 10,627,028,800 | 504,758,500 | 733,300    | 45,772,100 | 11,312,649,400       | -                        | 3,792,665        | 11,316,442,065        | 0.215                          | 10,846,162,015         |
| 2014                       | 181,287,700 | 10,453,740,400 | 498,012,200 | 733,300    | 44,750,900 | 11,178,524,500       | -                        | 2,984,429        | 11,181,508,929        | 0.221                          | 11,313,881,341         |
| 2015                       | 186,321,900 | 10,563,070,500 | 499,505,300 | 733,300    | 43,872,100 | 11,293,503,100       | -                        | 3,010,198        | 11,296,513,298        | 0.218                          | 11,430,247,190         |

Source: County Abstract of Ratables & Municipal Tax Assessor

**Ocean City School District  
Direct and Overlapping Property Tax Rates,  
Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

| Fiscal Year Ended June 30, | Ocean City School District |                                 |              | Overlapping Rates |                   |              |                   |                         | Total Direct and Overlapping Tax Rate |
|----------------------------|----------------------------|---------------------------------|--------------|-------------------|-------------------|--------------|-------------------|-------------------------|---------------------------------------|
|                            | Basic Rate                 | General Obligation Debt Service | Total Direct | County General    | County Open Space | County Other | Municipal Library | Municipal Local Purpose |                                       |
| 2006                       | 0.230                      | 0.026                           | 0.256        | 0.259             | 0.020             |              |                   | 0.465                   | 1.000                                 |
| 2007                       | 0.146                      | 0.026                           | 0.172        | 0.161             | 0.011             |              |                   | 0.332                   | 0.676                                 |
| 2008                       | 0.160                      | 0.017                           | 0.177        | 0.169             | 0.011             |              |                   | 0.349                   | 0.706                                 |
| 2009                       | 0.169                      | 0.017                           | 0.186        | 0.177             | 0.011             |              |                   | 0.359                   | 0.733                                 |
| 2010                       | 0.169                      | 0.017                           | 0.186        | 0.181             | 0.010             |              | 0.034             | 0.338                   | 0.749                                 |
| 2011                       | 0.180                      | 0.020                           | 0.200        | 0.183             | 0.010             |              | 0.034             | 0.356                   | 0.783                                 |
| 2012                       | 0.194                      | 0.021                           | 0.215        | 0.196             | 0.010             |              | 0.035             | 0.386                   | 0.842                                 |
| 2013                       | 0.192                      | 0.023                           | 0.215        | 0.196             | 0.010             |              | 0.035             | 0.386                   | 0.842                                 |
| 2014                       | 0.197                      | 0.024                           | 0.221        | 0.214             | 0.011             |              | 0.035             | 0.401                   | 0.882                                 |
| 2015                       | 0.194                      | 0.024                           | 0.218        | 0.222             | 0.011             |              | 0.034             | 0.410                   | 0.895                                 |

Source: District Records and Municipal Tax Collector



**Ocean City School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy |                    | Collections in Subsequent Years |
|----------------------------|----------------------------------|----------------------------------------------|--------------------|---------------------------------|
|                            |                                  | Amount                                       | Percentage of Levy |                                 |
| 2006                       | 20,601,713                       | 20,601,713                                   | 100%               | -                               |
| 2007                       | 20,550,472                       | 20,550,472                                   | 100%               | -                               |
| 2008                       | 21,035,859                       | 21,035,859                                   | 100%               | -                               |
| 2009                       | 21,864,170                       | 21,864,170                                   | 100%               | -                               |
| 2010                       | 22,686,960                       | 22,686,960                                   | 100%               | -                               |
| 2011                       | 23,862,118                       | 23,862,118                                   | 100%               | -                               |
| 2012                       | 24,253,876                       | 24,253,876                                   | 100%               | -                               |
| 2013                       | 24,272,584                       | 21,403,654                                   | 88%                | 2,850,222.00                    |
| 2014                       | 24,281,572                       | 24,281,572                                   | 100%               | -                               |
| 2015                       | 24,681,877                       | 24,681,877                                   | 100%               | -                               |

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

Exhibit J-10

Ocean City School District  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Governmental Activities  |                               |                                | Business-Type Activities |                | Total District | Percentage of Personal Income | Debt Per Capita * |
|----------------------------|--------------------------|-------------------------------|--------------------------------|--------------------------|----------------|----------------|-------------------------------|-------------------|
|                            | General Obligation Bonds | Certificates of Participation | Bond Anticipation Notes (BANs) | Capital Leases           | Capital Leases |                |                               |                   |
| 2006                       | 24,730,000.00            | -                             | -                              | -                        | -              | 24,730,000.00  | 3.74%                         | 1,633             |
| 2007                       | 23,700,000.00            | -                             | -                              | -                        | -              | 23,700,000.00  | 3.46%                         | 1,583             |
| 2008                       | 22,645,000.00            | -                             | -                              | -                        | -              | 22,645,000.00  | 3.21%                         | 1,524             |
| 2009                       | 21,530,000.00            | -                             | -                              | 226,344.42               | -              | 21,756,344.42  | 3.09%                         | 1,480             |
| 2010                       | 23,799,000.00            | -                             | -                              | 153,828.16               | -              | 23,952,828.16  | 4.20%                         | 2,047             |
| 2011                       | 22,244,000.00            | -                             | -                              | 74,418.60                | -              | 22,318,418.60  | 3.77%                         | 1,921             |
| 2012                       | 20,614,000.00            | -                             | -                              | -                        | -              | 20,614,000.00  | 3.37%                         | 1,788             |
| 2013                       | 18,894,000.00            | -                             | -                              | -                        | -              | 18,894,000.00  | 3.06%                         | 1,650             |
| 2014                       | 19,586,000.00            | -                             | -                              | -                        | -              | 19,586,000.00  | 3.17%                         | 1,710             |
| 2015                       | 17,691,000.00            | -                             | -                              | -                        | -              | 17,691,000.00  | 2.86%                         | 1,545             |

Source: District CAFR Schedules I-1, I-2

\* = Per Capital Income data presented is for the entire County of Cape May, not only the City of Ocean City.

**Exhibit J-11**

**Ocean City School District  
Ratios of Net General Bonded Debt Outstanding,  
Last Ten Fiscal Years**

| Fiscal<br>Year<br>Ended<br>June 30, | Governmental Activities        |            |                                           | Percentage of<br>Actual Taxable<br>Value of<br>Property | *<br>Per Capita<br>Personal<br>Income |
|-------------------------------------|--------------------------------|------------|-------------------------------------------|---------------------------------------------------------|---------------------------------------|
|                                     | General<br>Obligation<br>Bonds | Deductions | Net General<br>Bonded Debt<br>Outstanding |                                                         |                                       |
| 2006                                | 24,730,000                     | -          | 24,730,000                                | 0.31%                                                   | 40,016                                |
| 2007                                | 23,700,000                     | -          | 23,700,000                                | 0.29%                                                   | 41,928                                |
| 2008                                | 22,645,000                     | -          | 22,645,000                                | 0.18%                                                   | 44,360                                |
| 2009                                | 23,700,000                     | -          | 23,700,000                                | 0.18%                                                   | 46,747                                |
| 2010                                | 23,799,000                     | -          | 23,799,000                                | 0.19%                                                   | 46,005                                |
| 2011                                | 22,244,000                     | -          | 22,244,000                                | 0.17%                                                   | 47,498                                |
| 2012                                | 20,614,000                     | -          | 20,614,000                                | 0.17%                                                   | 48,694                                |
| 2013                                | 18,894,000                     | -          | 18,894,000                                | 0.17%                                                   | 48,694                                |
| 2014                                | 19,586,000                     | -          | 19,586,000                                | 0.18%                                                   | 48,694                                |
| 2015                                | 17,691,000                     | -          | 17,691,000                                | 0.16%                                                   | 48,694                                |

Source: School District records; New Jersey Department of Labor and Workforce Development.

\* = Per Capita Income data presented is for the entire County of Cape May, not only the City of Ocean City.

**Exhibit J-12**

**Ocean City School District  
Direct and Overlapping Governmental Activities Bonded Debt,  
As of December 31, 2014 for overlapping debt**

| <u>Governmental Unit</u>                              | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|-------------------------------------------------------|-----------------------------|------------------------------------------------|--------------------------------------------------------|
| <b>Debt Repaid with Property Taxes</b>                |                             |                                                |                                                        |
| City of Ocean City                                    | 90,569,666                  | 100.00%                                        | 90,569,666                                             |
| <b>Other Debt</b>                                     |                             |                                                |                                                        |
| County of Cape May                                    | 177,416,115                 | 22.99%                                         | 40,780,405                                             |
| Subtotal, Overlapping Debt                            |                             |                                                | 131,350,071                                            |
| <b>City of Ocean City School District Direct Debt</b> |                             |                                                | 17,691,000                                             |
| <b>Total Direct and Overlapping Debt</b>              |                             |                                                | <u>149,041,071</u>                                     |

Sources: City of Ocean City, County of Cape May.

Ocean City School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

Exhibit J-13

|                                                                         | 2006        | 2007        | 2008        | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        |
|-------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Debt limit                                                              | 373,815,969 | 453,593,831 | 510,193,652 | 535,306,056 | 528,416,662 | 520,374,880 | 507,250,828 | 488,327,706 | 481,306,487 | 461,272,824 |
| Total net debt applicable to limit                                      | 24,730,000  | 23,700,000  | 22,645,000  | 21,530,000  | 23,799,000  | 22,244,000  | 20,614,000  | 18,894,000  | 19,586,000  | 17,691,000  |
| Legal debt margin                                                       | 349,085,969 | 429,893,831 | 487,548,652 | 513,776,056 | 504,617,662 | 498,130,880 | 486,636,828 | 469,433,706 | 461,720,487 | 443,581,824 |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 6.62%       | 5.22%       | 4.44%       | 4.02%       | 4.50%       | 4.27%       | 4.06%       | 3.87%       | 4.07%       | 3.84%       |

|                                                 | 2014              | 2013              | 2012              |
|-------------------------------------------------|-------------------|-------------------|-------------------|
| Equalized valuation basis                       | \$ 11,512,997,300 | \$ 11,450,366,985 | \$ 11,632,097,514 |
| Average equalized valuation of taxable property | \$ 11,531,820,600 |                   |                   |
| Debt limit (4% of average)                      | 461,272,824       |                   |                   |
| Net bonded school debt                          | 17,691,000        |                   |                   |
| Legal debt margin                               | \$ 443,581,824    |                   |                   |

Source: Abstract of Rates and District Records CAFR Schedule J-7

Ocean City School District  
 Demographic and Economic Statistics,  
 Last Ten Fiscal Years

Exhibit J-14

| Fiscal Year Ended June 30, | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Unemployment Rate |
|----------------------------|------------|----------------------------------------|----------------------------|-------------------|
| 2006                       | 15,142     | 661,220,856                            | 43,668                     | 4.8%              |
| 2007                       | 14,970     | 685,685,880                            | 45,804                     | 4.6%              |
| 2008                       | 14,863     | 706,260,034                            | 47,518                     | 5.7%              |
| 2009                       | 14,702     | 705,122,622                            | 47,961                     | 8.2%              |
| 2010                       | 11,700     | 570,129,300                            | 48,729                     | 8.6%              |
| 2011                       | 11,619     | 591,500,052                            | 50,908                     | 9.0%              |
| 2012                       | 11,527     | 611,737,890                            | 53,070                     | 9.8%              |
| 2013                       | 11,451     | 617,575,332                            | 53,932                     | 9.8%              |
| 2014                       | 11,451     | 617,575,332                            | 53,932                     | 11.1%             |
| 2015                       | 11,451     | 617,586,783                            | 53,933                     | 11.1%             |

Source: New Jersey Department of Labor and Workforce Development.  
 Income is for Cape May County

Ocean City School District  
Principal Employers,  
Current Year and Nine Years Ago

Exhibit J-15

| Employer                         | 2015      |      |                                | 2006      |      |                                |
|----------------------------------|-----------|------|--------------------------------|-----------|------|--------------------------------|
|                                  | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| <i>Information not available</i> |           |      |                                |           |      |                                |
| Totals                           | -         |      | 0.00%                          | -         |      | 0.00%                          |

Source: Data unavailable.

**Ocean City School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

Exhibit J-16

| <u>Function/Program</u>                | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         |
|----------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction:                           |              |              |              |              |              |              |              |              |              |              |
| Regular instruction                    | 213.5        | 208.0        | 212.0        | 211.0        | 213.0        | 204.0        | 145.0        | 138.0        | 138.0        | 138.0        |
| Other instruction                      | 41.9         | 47.0         | 36.2         | 36.2         | 39.0         | 38.0         | 49.0         | 45.3         | 45.3         | 45.3         |
| Support Services:                      |              |              |              |              |              |              |              |              |              |              |
| Student & instruction related services | 34.1         | 34.0         | 35.9         | 35.9         | 37.0         | 35.0         | 60.0         | 49.4         | 49.4         | 49.4         |
| General administrative services        | 2.0          | 2.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          |
| School administrative services         | 18.9         | 15.8         | 15.8         | 15.8         | 15.8         | 16.0         | 16.0         | 17.0         | 17.0         | 17.0         |
| Business administrative services       | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 7.0          | 7.0          | 7.0          |
| Plant operations and maintenance       | 35.0         | 35.5         | 35.5         | 33.5         | 34.0         | 32.0         | 41.0         | 35.0         | 35.0         | 35.0         |
| Pupil transportation                   | 0.3          | 0.7          | 0.7          | 0.7          | 0.7          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Food Service                           |              |              |              |              |              |              |              |              |              |              |
| <b>Total</b>                           | <b>351.7</b> | <b>349.0</b> | <b>345.1</b> | <b>342.1</b> | <b>348.5</b> | <b>335.0</b> | <b>321.0</b> | <b>295.7</b> | <b>295.7</b> | <b>295.7</b> |

Source: District Personnel Records

Ocean City School District  
Operating Statistics,  
Last Ten Fiscal Years

Exhibit J-17

| Fiscal Year Ended June 30, | Enrollment | Operating Expenditures | Cost per Pupil | % Change | Teaching Staff | Pupil/Teacher Ratio |               |             | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|----------------------------|------------|------------------------|----------------|----------|----------------|---------------------|---------------|-------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
|                            |            |                        |                |          |                | Elementary School   | Middle School | High School |                                |                                |                                      |                               |
| 2006                       | 2,140.0    | 38,179,823             | 17,841         | 2.96%    | 231.2          | 6.5:1               | 7.0:1         | 11.2:1      | 2,152                          | 2,036                          | 0.84%                                | 94.61%                        |
| 2007                       | 2,121.0    | 40,328,563             | 19,014         | 6.57%    | 208.0          | 8.2:1               | 8.4:1         | 11.9:1      | 2,120                          | 2,003                          | -1.49%                               | 94.48%                        |
| 2008                       | 2,077.0    | 40,856,418             | 19,671         | 3.46%    | 208.0          | 7.5:1               | 7.8:1         | 11.7:1      | 2,088                          | 1,985                          | -1.51%                               | 95.07%                        |
| 2009                       | 2,103.0    | 40,331,168             | 19,178         | -2.51%   | 208.0          | 8.3:1               | 8.6:1         | 11.6:1      | 2,132                          | 2,019                          | 2.11%                                | 94.70%                        |
| 2010                       | 2,102.0    | 39,706,698             | 18,890         | -1.50%   | 201.0          | 8.8:1               | 9.6:1         | 11.3:1      | 2,095                          | 1,987                          | -1.76%                               | 94.85%                        |
| 2011                       | 2,049.0    | 38,089,570             | 18,589         | -1.59%   | 190.0          | 9.6:1               | 9.6:1         | 11.6:1      | 2,052                          | 1,940                          | -2.03%                               | 94.54%                        |
| 2012                       | 2,034.0    | 37,696,873             | 18,533         | -0.30%   | 193.0          | 10.1:1              | 9.7:1         | 11.0:1      | 2,065                          | 1,967                          | 0.63%                                | 95.25%                        |
| 2013                       | 2,089.0    | 39,039,518             | 18,688         | 0.84%    | 183.0          | 10.9:1              | 10.8:1        | 11.8:1      | 2,065                          | 1,977                          | 0.00%                                | 95.74%                        |
| 2014                       | 2,095.0    | 39,043,234             | 18,636         | -0.28%   | 183.0          | 10.9:1              | 10.9:1        | 11.6:1      | 2,092                          | 1,979                          | 1.31%                                | 94.60%                        |
| 2015                       | 2,151.0    | 39,811,546             | 18,508         | -0.69%   | 183.0          | 10.9:1              | 10.9:1        | 11.6:1      | 2,145                          | 2,025                          | 2.53%                                | 94.41%                        |

Source: District records, ASSA and Schedules J-12, J-14

Ocean City School District  
School Building Information,  
Last Ten Fiscal Years

|                                  | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b><u>District Buildings</u></b> |         |         |         |         |         |         |         |         |         |         |
| <b><u>Elementary</u></b>         |         |         |         |         |         |         |         |         |         |         |
| Ocean City Primary School        | 60,031  | 60,031  | 60,031  | 60,031  | 60,031  | 60,031  | 60,031  | 60,031  | 60,031  | 60,031  |
| Square Feet                      | 461     | 461     | 461     | 461     | 461     | 461     | 461     | 461     | 461     | 461     |
| Capacity (students)              | 285     | 284     | 275     | 309     | 327     | 329     | 344     | 394     | 394     | 394     |
| Enrollment                       |         |         |         |         |         |         |         |         |         |         |
| <b><u>Middle School</u></b>      |         |         |         |         |         |         |         |         |         |         |
| Ocean City Intermediate School   | 93,846  | 93,846  | 93,846  | 93,846  | 93,846  | 102,448 | 102,448 | 102,448 | 102,448 | 102,448 |
| Square Feet                      | 707     | 707     | 707     | 707     | 707     | 707     | 707     | 707     | 707     | 707     |
| Capacity (students)              | 419     | 408     | 413     | 454     | 488     | 483     | 465     | 477     | 485     | 485     |
| Enrollment                       |         |         |         |         |         |         |         |         |         |         |
| <b><u>High School</u></b>        |         |         |         |         |         |         |         |         |         |         |
| Ocean City High School           | 232,770 | 232,770 | 232,770 | 232,770 | 232,770 | 232,770 | 232,770 | 232,770 | 232,770 | 232,770 |
| Square Feet                      | 1,338   | 1,338   | 1,338   | 1,338   | 1,338   | 1,338   | 1,338   | 1,338   | 1,338   | 1,338   |
| Capacity (students)              | 1,449   | 1,427   | 1,399   | 1,340   | 1,282   | 1,240   | 1,255   | 1,228   | 1,216   | 1,216   |
| Enrollment                       |         |         |         |         |         |         |         |         |         |         |
| <b><u>Other</u></b>              |         |         |         |         |         |         |         |         |         |         |
| Administration                   | N/A*    |
| Square Feet                      |         |         |         |         |         |         |         |         |         |         |

\*Administration moved to school buildings 2004 and 2006. Separate administration buildings no longer exist.

Number of Schools at June 30, 2015  
 Elementary - 1  
 Middle - 1  
 High School - 1  
 Other - 0

Source: District Records, ASSA

Ocean City School District  
 General Fund  
 Schedule of Required Maintenance for School Facilities,  
 Last Ten Fiscal Years  
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

| School Facilities              | Project # (s) | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    |
|--------------------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ocean City Primary School      | N/A           | 110,202 | 116,396 | 119,152 | 107,761 | 101,969 | 73,483  | 70,889  | 36,205  | 83,779  | 54,439  |
| Ocean City Intermediate School | N/A           | 181,510 | 191,711 | 196,251 | 171,677 | 175,293 | 158,087 | 130,825 | 175,978 | 247,406 | 226,432 |
| Ocean City High School         | N/A           | 356,537 | 376,575 | 385,493 | 348,891 | 347,014 | 203,673 | 335,213 | 706,247 | 381,647 | 466,045 |
| Total School Facilities        |               | 648,248 | 684,682 | 700,896 | 628,329 | 624,276 | 435,243 | 536,927 | 918,429 | 712,832 | 746,916 |
| Other Facilities               |               |         |         |         |         |         | 98,929  | 116,341 |         |         |         |
| Grand Total                    |               | 648,248 | 684,682 | 700,896 | 628,329 | 624,276 | 534,172 | 653,268 | 918,429 | 712,832 | 746,916 |

Source: District Records

**Ocean City School District  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)**

**Exhibit J-20**

| Company                                                | Type of Coverage                                                             | Amount of Coverage       | Deductible  |
|--------------------------------------------------------|------------------------------------------------------------------------------|--------------------------|-------------|
| New Jersey School Board<br>Association Insurance Group | School Package Policy:                                                       |                          |             |
|                                                        | Property - Blanket Buildings & Contents                                      | \$ -                     | \$ 5,000.00 |
|                                                        | Blanket Extra Expense                                                        | 50,000,000.00            | 5,000.00    |
|                                                        | Blanket Valuable Papers and Records                                          | -                        | 5,000.00    |
|                                                        | Flood                                                                        | Various sub limits       | 500,000.00  |
|                                                        | Terrorism                                                                    | 1,000,000.00             |             |
|                                                        | Electronic Data Processing Equipment:                                        |                          |             |
|                                                        | Blanket Hardware/Software and<br>Extra Expense                               | 696,609.00               | 1,000.00    |
|                                                        | Equipment Breakdown                                                          | 100,000,000.00           | 5,000.00    |
|                                                        | Crime Coverage:                                                              |                          |             |
|                                                        | Public Employee Dishonesty                                                   | 25,000.00                | 500.00      |
|                                                        | Money & Securities                                                           | 25,000.00                | 500.00      |
|                                                        | Money Orders/Counterfeit Currency                                            | 25,000.00                | 500.00      |
|                                                        | Depositor's Forgery                                                          | 25,000.00                | 500.00      |
|                                                        | Comprehensive General Liability:                                             |                          |             |
|                                                        | Bodily Injury & Property Damage                                              | 6,000,000.00             |             |
|                                                        | Bodily Injury from Products &<br>Completed Operations                        | 6,000,000.00             |             |
|                                                        | Sexual Abuse                                                                 | 6,000,000.00             |             |
|                                                        | Personal Injury & Advertising Injury                                         | 6,000,000.00             |             |
|                                                        | Employee Benefit Liability                                                   | 6,000,000.00             | 1,000.00    |
|                                                        | Premises Medical Payments                                                    | 5,000.00                 | -           |
|                                                        | Terrorism                                                                    | 1,000,000.00             |             |
|                                                        | Automobile:                                                                  |                          |             |
| Bodily Injury & Property Damage                        | 6,000,000.00                                                                 |                          |             |
| Uninsured/Underinsured Motorists                       | 1,000,000.00                                                                 |                          |             |
| Personal Injury Protection                             | 250,000.00                                                                   |                          |             |
| Medical Payments                                       | 10,000.00                                                                    |                          |             |
| Western Surety Company                                 | Individual Bonds:                                                            |                          |             |
|                                                        | Frank Donato Treasurer                                                       | 300,000.00               |             |
|                                                        | *Pasquale Yacovelli, Business Admin.<br>Mark Rittner, Interim Business Admin | 300,000.00<br>300,000.00 |             |

Source: District Records

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**SINGLE AUDIT SECTION**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## K-1 INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
City of Ocean City School District School District  
County of Cape May  
State of New Jersey

We have audited the basic financial statements of the Board of Education of the City of Ocean City School District, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 27, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Ford, Scott & Associates, L.L.C.*

Ford, Scott & Associates, LLC.  
Certified Public Accountants

*Leon P. Costello*

Leon P. Costello, CPA  
Certified Public Accountant  
Licensed Public School Accountant  
No. 767

November 27, 2015



# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## K-2 INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
City of Ocean City School District  
County of Cape May, New Jersey

### **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the City of Ocean City School District in the County of Cape May, 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 OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the City of Ocean City School District's major federal and state programs for the year ended June 30, 2015. The City of Ocean City School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Ocean City School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Ocean City School District'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 City of Ocean City School District's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the City of Ocean City School District 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 City of Ocean City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Ocean City School District'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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 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 City of Ocean City School District's internal control over compliance.

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

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

The purpose of this report 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.

*Ford, Scott & Associates, L.L.C.*

Ford, Scott & Associates, LLC.  
Certified Public Accountants

*Leon P. Costello*

Leon P. Costello, CPA  
Certified Public Accountant  
Licensed Public School Accountant  
No. 767

November 27, 2015

**CITY OF OCEAN CITY SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Year ended June 30, 2015**

| Federal Grantor/Pass-Through Grantor/<br>Program Title                        | Federal<br>CFDA<br>Number | Grant or<br>State<br>Project<br>Number | Program or<br>Award<br>Amount | From     | To       | Grant Period | Balance<br>June 30, 2014 | Carryover/<br>(Walkover)<br>Amount | Cash<br>Received | Budgetary<br>Expenditures | Adjustments | Repayment<br>of Prior<br>Years'<br>Balances | (Accounts<br>Receivable)<br>June 30, 2015 | Deferred<br>Revenue<br>June 30, 2015 | Due to<br>Grantor at<br>June 30, 2015 |          |
|-------------------------------------------------------------------------------|---------------------------|----------------------------------------|-------------------------------|----------|----------|--------------|--------------------------|------------------------------------|------------------|---------------------------|-------------|---------------------------------------------|-------------------------------------------|--------------------------------------|---------------------------------------|----------|
|                                                                               |                           |                                        |                               |          |          |              |                          |                                    |                  |                           |             |                                             |                                           |                                      |                                       | 06/30/15 |
| U.S. Department of Education<br>General Fund                                  |                           |                                        |                               |          |          |              |                          |                                    |                  |                           |             |                                             |                                           |                                      |                                       |          |
| Medical Assistance Program (SEMI)                                             | 93.788                    | N/A                                    | \$ 30,748                     | 07/01/14 | 06/30/15 |              | \$ -                     | \$ -                               | \$ 30,748        | \$ (30,748)               | \$ -        | \$ -                                        | \$ -                                      | \$ -                                 | \$ -                                  |          |
| Total General Fund                                                            |                           |                                        |                               |          |          |              |                          |                                    |                  |                           |             |                                             |                                           |                                      |                                       |          |
| U.S. Department of Education<br>Passed-Through State Department of Education: |                           |                                        |                               |          |          |              |                          |                                    |                  |                           |             |                                             |                                           |                                      |                                       |          |
| Special Revenue Fund:                                                         |                           |                                        |                               |          |          |              |                          |                                    |                  |                           |             |                                             |                                           |                                      |                                       |          |
| Title I                                                                       |                           |                                        |                               |          |          |              |                          |                                    |                  |                           |             |                                             |                                           |                                      |                                       |          |
| Title I                                                                       | 84.010                    | N/A                                    | 267,206                       | 09/01/14 | 06/30/15 |              | (84,952)                 | -                                  | 155,184          | (274,863)                 | 7,657       | -                                           | (112,022)                                 | -                                    | -                                     |          |
| I.D.E.A. Part B, Basic Regular                                                | 84.010                    | N/A                                    | 283,997                       | 09/01/13 | 08/31/14 |              | (14,652)                 | -                                  | 84,952           | -                         | -           | -                                           | (14,652)                                  | -                                    | -                                     |          |
| I.D.E.A. Part B, Basic Regular                                                | 84.027                    | N/A                                    | 378,077                       | 09/01/10 | 08/31/11 |              | (160,263)                | -                                  | 160,263          | -                         | -           | -                                           | (166,272)                                 | -                                    | -                                     |          |
| I.D.E.A. Part B, Basic Regular                                                | 84.027                    | N/A                                    | 421,359                       | 09/01/13 | 08/31/14 |              |                          | -                                  | 355,079          | (521,351)                 | -           | -                                           | (4,788)                                   | -                                    | -                                     |          |
| I.D.E.A. Part B, Basic Regular                                                | 84.027                    | N/A                                    | 521,351                       | 07/01/14 | 06/30/15 |              |                          | -                                  | 9,438            | (14,226)                  | -           | -                                           | (27,805)                                  | -                                    | -                                     |          |
| I.D.E.A. Part B, Preschool                                                    | 84.173                    | N/A                                    | 14,226                        | 07/01/14 | 06/30/15 |              | (5,315)                  | -                                  | 5,315            | (82,975)                  | -           | -                                           | (13,674)                                  | -                                    | -                                     |          |
| I.D.E.A. Part B, Preschool                                                    | 84.173                    | N/A                                    | 13,315                        | 09/01/13 | 08/31/14 |              | (20,229)                 | -                                  | 55,170           | -                         | -           | -                                           | -                                         | -                                    | -                                     |          |
| Title II - Part A                                                             | 84.367A                   | N/A                                    | 82,975                        | 07/01/14 | 06/30/15 |              |                          | -                                  | 20,229           | (136,326)                 | -           | -                                           | (13,674)                                  | -                                    | -                                     |          |
| Title II - Part A                                                             | 84.367A                   | N/A                                    | 82,134                        | 09/01/13 | 08/31/14 |              |                          | -                                  | 136,326          | (22,563)                  | -           | -                                           | -                                         | -                                    | -                                     |          |
| IIS Competitive Grant (RTTT)                                                  | 84.413A                   | N/A                                    | 150,000                       | 07/01/14 | 06/30/15 |              |                          | -                                  | 22,563           | -                         | -           | -                                           | -                                         | -                                    | -                                     |          |
| Race to the Top                                                               | 84.412                    | N/A                                    | 22,563                        | 07/01/14 | 06/30/15 |              |                          | -                                  | 1,004,519        | (1,052,304)               | 7,657       | -                                           | (339,213)                                 | -                                    | -                                     |          |
| Total Special Revenue Fund                                                    |                           |                                        |                               |          |          |              | (285,411)                | -                                  | 1,004,519        | (1,052,304)               | 7,657       | -                                           | (339,213)                                 | -                                    | -                                     |          |
| U.S. Department of Education<br>Passed-through State Department of Education: |                           |                                        |                               |          |          |              |                          |                                    |                  |                           |             |                                             |                                           |                                      |                                       |          |
| Enterprise Fund:                                                              |                           |                                        |                               |          |          |              |                          |                                    |                  |                           |             |                                             |                                           |                                      |                                       |          |
| U.S.D.A. Commodities Program                                                  | 10.550                    | N/A                                    | 24,459                        | 07/01/14 | 06/30/15 |              |                          | -                                  | 24,459           | (24,459)                  | -           | -                                           | -                                         | -                                    | -                                     |          |
| School Breakfast Program                                                      | 10.553                    | N/A                                    | 7,279                         | 07/01/13 | 06/30/14 |              | (4,216)                  | -                                  | 4,216            | -                         | -           | -                                           | (5,012)                                   | -                                    | -                                     |          |
| School Breakfast Program                                                      | 10.553                    | N/A                                    | 25,315                        | 07/01/14 | 06/30/15 |              |                          | -                                  | 20,303           | (25,315)                  | -           | -                                           | -                                         | -                                    | -                                     |          |
| National School Lunch Program                                                 | 10.555                    | N/A                                    | 175,402                       | 07/01/13 | 06/30/14 |              | (35,718)                 | -                                  | 35,718           | -                         | -           | -                                           | (35,175)                                  | -                                    | -                                     |          |
| National School Lunch Program                                                 | 10.555                    | N/A                                    | 188,289                       | 07/01/14 | 06/30/15 |              |                          | -                                  | 153,114          | (188,289)                 | -           | -                                           | -                                         | -                                    | -                                     |          |
| Total Enterprise Fund                                                         |                           |                                        |                               |          |          |              | (39,934)                 | -                                  | 237,810          | (238,063)                 | -           | -                                           | (40,187)                                  | -                                    | -                                     |          |
| Total Federal Financial Awards                                                |                           |                                        |                               |          |          |              | (325,345)                | \$ -                               | 1,273,077        | (1,321,115)               | 7,657       | \$ -                                        | (379,400)                                 | \$ 13,674                            | \$ -                                  |          |

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

**CITY OF OCEAN CITY SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year ended June 30, 2015**

| State Grants/Program Title                              | Grant or State Project Number | Program or Award Amount | Grant Period |           | Balance at June 30, 2014               |                       | Carryover (Walkover) Amount | Cash Received      | Budgetary Expenditures | Adjustments / Repayment of Prior Years' Balances | Balance at June 30, 2015 |  | Due to Grantor | MEMO Budgetary Receivable | MEMO Cumulative Total Expenditures |
|---------------------------------------------------------|-------------------------------|-------------------------|--------------|-----------|----------------------------------------|-----------------------|-----------------------------|--------------------|------------------------|--------------------------------------------------|--------------------------|--|----------------|---------------------------|------------------------------------|
|                                                         |                               |                         | From         | To        | Deferred Revenue (Accounts Receivable) | (Accounts Receivable) |                             |                    |                        |                                                  | Deferred Revenue         |  |                |                           |                                    |
| <b>State Department of Education</b>                    |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                |                           |                                    |
| General Fund                                            |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                |                           |                                    |
| Special Aid Public Cluster:                             |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                |                           |                                    |
| Special Education Aid                                   | 15-495-034-5120-089           | 664,280                 | 7/1/2014     | 6/30/2015 |                                        |                       | 605,239                     | (664,280)          |                        |                                                  |                          |  |                | (60,041)                  | 664,280                            |
| School Choice Aid                                       | 15-495-034-5120-068           | 2,882,050               | 7/1/2014     | 6/30/2015 |                                        |                       | 2,443,668                   | (2,882,050)        |                        |                                                  |                          |  |                | (238,382)                 | 2,882,050                          |
| Security Aid                                            | 15-495-034-5120-084           | 159,991                 | 7/1/2014     | 6/30/2015 |                                        |                       | 145,771                     | (159,991)          |                        |                                                  |                          |  |                | (14,220)                  | 159,991                            |
| PARCC Aid                                               | 15-495-034-5120-097           | 13,740                  | 7/1/2014     | 6/30/2015 |                                        |                       | 12,519                      | (13,740)           |                        |                                                  |                          |  |                | (1,221)                   | 13,740                             |
| Per Pupil Growth Aid                                    | 15-495-034-5120-098           | 13,740                  | 7/1/2014     | 6/30/2015 |                                        |                       | 12,519                      | (13,740)           |                        |                                                  |                          |  |                | (1,221)                   | 13,740                             |
| <b>Total State Aid Public Cluster</b>                   |                               | <b>232,648</b>          |              |           |                                        |                       | <b>3,219,716</b>            | <b>(3,533,801)</b> |                        |                                                  |                          |  |                | <b>(314,085)</b>          | <b>3,533,801</b>                   |
| Transportation Aid                                      | 15-495-034-5120-015           | 5,220                   | 7/1/2014     | 6/30/2015 |                                        |                       | 211,970                     | (232,648)          |                        |                                                  |                          |  |                | (20,678)                  | 232,648                            |
| Non-public Transportation Aid                           | 14-495-034-5120-014           | 4,902                   | 7/1/2013     | 6/30/2014 |                                        |                       | 4,902                       | (5,220)            |                        |                                                  |                          |  |                | (5,220)                   | 5,046                              |
| Extraordinary Aid                                       | 15-495-034-5120-473           | 50,681                  | 7/1/2014     | 6/30/2015 |                                        |                       | 1,304,739                   | (50,681)           |                        |                                                  |                          |  |                | (50,681)                  | 50,681                             |
| Reimbursed TPAF Social Security                         | 15-495-034-5095-002           | 1,372,823               | 7/1/2014     | 6/30/2015 |                                        |                       | 4,741,327                   | (1,372,823)        |                        |                                                  |                          |  |                | (68,084)                  | 1,372,823                          |
| <b>Total General Fund</b>                               |                               |                         |              |           |                                        |                       | <b>(4,902)</b>              | <b>(123,985)</b>   |                        |                                                  |                          |  |                | <b>(458,748)</b>          | <b>5,199,901</b>                   |
| <b>Special Revenue Fund:</b>                            |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                |                           |                                    |
| NJ Nonpublic Aid:                                       |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                |                           |                                    |
| Textbook Aid                                            | 15-100-034-5120-064           | 3,217                   | 7/1/2014     | 6/30/2015 |                                        |                       | 3,217                       | (3,217)            |                        |                                                  |                          |  |                | -                         | 3,217                              |
| Textbook Aid                                            | 15-100-034-5120-064           | 2,743                   | 7/1/2013     | 6/30/2014 |                                        | 71                    | 1,728                       | (1,683)            | (71)                   |                                                  |                          |  |                | -                         | 2,672                              |
| Technology Aid                                          | 15-100-034-5120-373           | 1,728                   | 7/1/2014     | 6/30/2015 |                                        |                       | 4,945                       | (4,900)            | (71)                   |                                                  |                          |  | 45             | -                         | 1,683                              |
| <b>Total Special Revenue Fund</b>                       |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  | 45             | -                         | 7,572                              |
| <b>New Jersey Economic Development Authority</b>        |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                |                           |                                    |
| Capital Projects Fund                                   |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                |                           |                                    |
| Improvements and Renovations to the Intermediate School | N/A                           | 3,408,856               |              | Open      |                                        |                       |                             |                    |                        |                                                  |                          |  |                | (597,245)                 | 3,394,544                          |
| Improvements and Renovations to the Primary School      | N/A                           | 2,399,279               |              | Open      |                                        |                       |                             |                    |                        |                                                  |                          |  |                | (793,592)                 | 793,592                            |
| <b>Total Capital Project Fund</b>                       |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                | <b>(1,390,837)</b>        | <b>15,692,794</b>                  |
| <b>State Department of Agriculture:</b>                 |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                |                           |                                    |
| Enterprise Fund:                                        |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                |                           |                                    |
| National School Lunch Program (State Share)             | 15-100-010-3360-067           | 5,279                   | 7/1/2014     | 6/30/2015 |                                        |                       | 4,296                       | (5,279)            |                        |                                                  |                          |  |                | (963)                     | 5,006                              |
| National School Lunch Program (State Share)             | 14-100-010-3360-067           | 5,102                   | 7/1/2013     | 6/30/2014 |                                        |                       | 1,022                       | (1,022)            |                        |                                                  |                          |  |                | -                         | 5,102                              |
| <b>Total Enterprise Fund</b>                            |                               |                         |              |           |                                        |                       |                             |                    |                        |                                                  |                          |  |                | <b>(963)</b>              | <b>10,108</b>                      |
| <b>Total State Financial Assistance</b>                 |                               |                         |              |           |                                        |                       | <b>71</b>                   | <b>4,751,690</b>   | <b>(5,920,049)</b>     | <b>(71)</b>                                      |                          |  | <b>45</b>      | <b>(1,650,568)</b>        | <b>20,910,375</b>                  |

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

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2015**

**Note 1: General**

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

**Note 2: Basis of Accounting**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3: Relationship to Basic Financial Statements**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$39,676) for the general fund and \$6,567 for the special revenue fund. See the Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

|                            | Federal             | State            | On-Behalf<br>TPAF Pension | Total            |
|----------------------------|---------------------|------------------|---------------------------|------------------|
| General Fund               | \$ 30,748           | 3,822,350        | (2,630,927)               | 1,222,171        |
| Special Revenue Fund       | 1,052,304           | 4,900            |                           | 1,057,204        |
| Capital Projects Fund      |                     | 714,696          |                           | 714,696          |
| Food Service Fund          | 238,063             | 5,279            |                           | 243,342          |
| Total Financial Assistance | <u>\$ 1,321,115</u> | <u>4,547,225</u> | <u>(2,630,927)</u>        | <u>3,237,413</u> |

The On-Behalf Pension Contributions made for the District by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2015  
(CONTINUED)**

**Note 4: Relationship to Federal and State Financial Reports**

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

**Note 5: Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. 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.

**OCEAN CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2015**

***Section I – Summary of Auditor’s Results***

**Financial Statements**

|                                                             |                                                                                      |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Type of auditor’s report issued:                            | Unmodified Opinion issued on the Basic Financial Statements, dated November 27, 2015 |
| Internal control over financial reporting:                  |                                                                                      |
| 1) Material weakness identified?                            | No                                                                                   |
| 2) Significant deficiencies identified?                     | None reported                                                                        |
| Noncompliance material to basic financial statements noted? | No                                                                                   |

**Federal Awards**

|                                                                                                                     |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Internal control over major programs:                                                                               |                                                                                            |
| 1) Material weakness identified?                                                                                    | No                                                                                         |
| 2) Significant deficiencies identified?                                                                             | None reported                                                                              |
| Type of auditor’s report issued on compliance for major programs:                                                   | An Unmodified Opinion was issued on compliance for major programs, dated November 27, 2015 |
| Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? | No                                                                                         |

Identification of major programs:

| <b><u>CFDA Number(s)</u></b> | <b><u>Name of Federal Program or Cluster</u></b> |
|------------------------------|--------------------------------------------------|
|                              | <u>Child Nutrition Cluster</u>                   |
| 10.553                       | School Breakfast Program                         |
| 10.555                       | National School Lunch Program                    |
| 84.027                       | IDEA Basic                                       |
| 84.395                       | Race To The Top-IIS Competitive                  |

|                                                                          |           |
|--------------------------------------------------------------------------|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee?                                   | Yes       |

**OCEAN CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2015  
(CONTINUED)**

***Section I – Summary of Auditor’s Results (Continued)***

**State Awards**

|                                                                                                                |                                                                                            |
|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Dollar threshold used to distinguish between type A and Type B Programs:                                       | \$300,000                                                                                  |
| Auditee qualified as low-risk auditee?                                                                         | Yes                                                                                        |
| Type of auditor’s report issued on compliance for major programs:                                              | An Unmodified Opinion was issued on compliance for major programs, dated November 27, 2015 |
| Internal Control over major programs:                                                                          |                                                                                            |
| 1) Material weakness identified?                                                                               | No                                                                                         |
| 2) Significant deficiencies identified?                                                                        | None reported                                                                              |
| Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? | No                                                                                         |

Identification of major programs:

| <b><u>GMIS Number(s)</u></b> | <b><u>Name of State Program</u></b> |
|------------------------------|-------------------------------------|
|                              | <u>State Aid Public</u>             |
| 495-034-5120-089             | Special Education Aid               |
| 495-034-5120-068             | School Choice Aid                   |
| 495-034-5120-084             | Security Aid                        |
| 495-034-5120-097             | PARCC Aid                           |
| 495-034-5120-098             | Per Pupil Growth Aid                |
| 495-034-5095-002             | Reimbursed TPAF Social Security     |
| 3780-070-13-1003             | SDA Primary School                  |

***Section II - Financial Statement Findings***

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

**OCEAN CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2015  
(CONTINUED)**

***Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs***

**FEDERAL AWARDS**

Our audit disclosed no matters to be reported.

**STATE AWARDS**

Our audit disclosed no matters to be reported.

**STATUS OF PRIOR YEAR FINDINGS**

**Federal:**

No matters were reported.

**State:**

No matters were reports.