

**Comprehensive Annual
Financial Report**

of the

City of Ocean City Board of Education

OCEAN CITY, NEW JERSEY

For the Year Ended June 30, 2017

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INTRODUCTORY SECTION

OCEAN CITY BOARD OF EDUCATION

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Ocean City, New Jersey 08226-3891
Phone: (609) 399-4161
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www.oceancityschools.org

November 20, 2017

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, 2017 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 1996 and the Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control 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
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 2016-2017 fiscal year with an enrollment of 2,129 students, which is 15 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2016-17	2,129	-0.70%
2015-16	2,144	0.89%
2014-15	2,125	1.58%
2013-14	2,092	1.31%
2012-13	2,065	0.00%

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 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. The District acquired a large number of ChromeBooks during the current year to improve students' access to technology for instruction. Major network and wireless infrastructure improvements were completed in the 2017 budget-cycle. Additionally, the District successfully passed the NJ Department of Education Quality Single Accountability Continuum monitoring program and received designation as a High Performing District 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, PSAT 9 & 10 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.

The District also continued its commitment to maintaining a safe and functional learning environment by continuing a focus on infrastructure maintenance and improvements. During the 2017 fiscal year, renovations were completed to the entrance at Ocean City High School creating a separate and secure entrance for visitors during the school day. Upcoming projects for the next fiscal year include the creation of a Student Wellness Center and a separate College and Career Center at Ocean City High School as well as a district-wide upgrade of the District's telecommunications system.

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, 2017.

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, 2017, the District's outstanding debt consists of \$12,146,000 in general obligation bonds. This balance consists of \$10,580,000 from the refunding bonds issued in March 23, 2016, \$1,464,000 from bonds issued on February 24, 2010 for improvements to the intermediate school and \$2,272,000 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 1996 and the related Uniform Guidance and New Jersey OMB's Circular 15-08. 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.

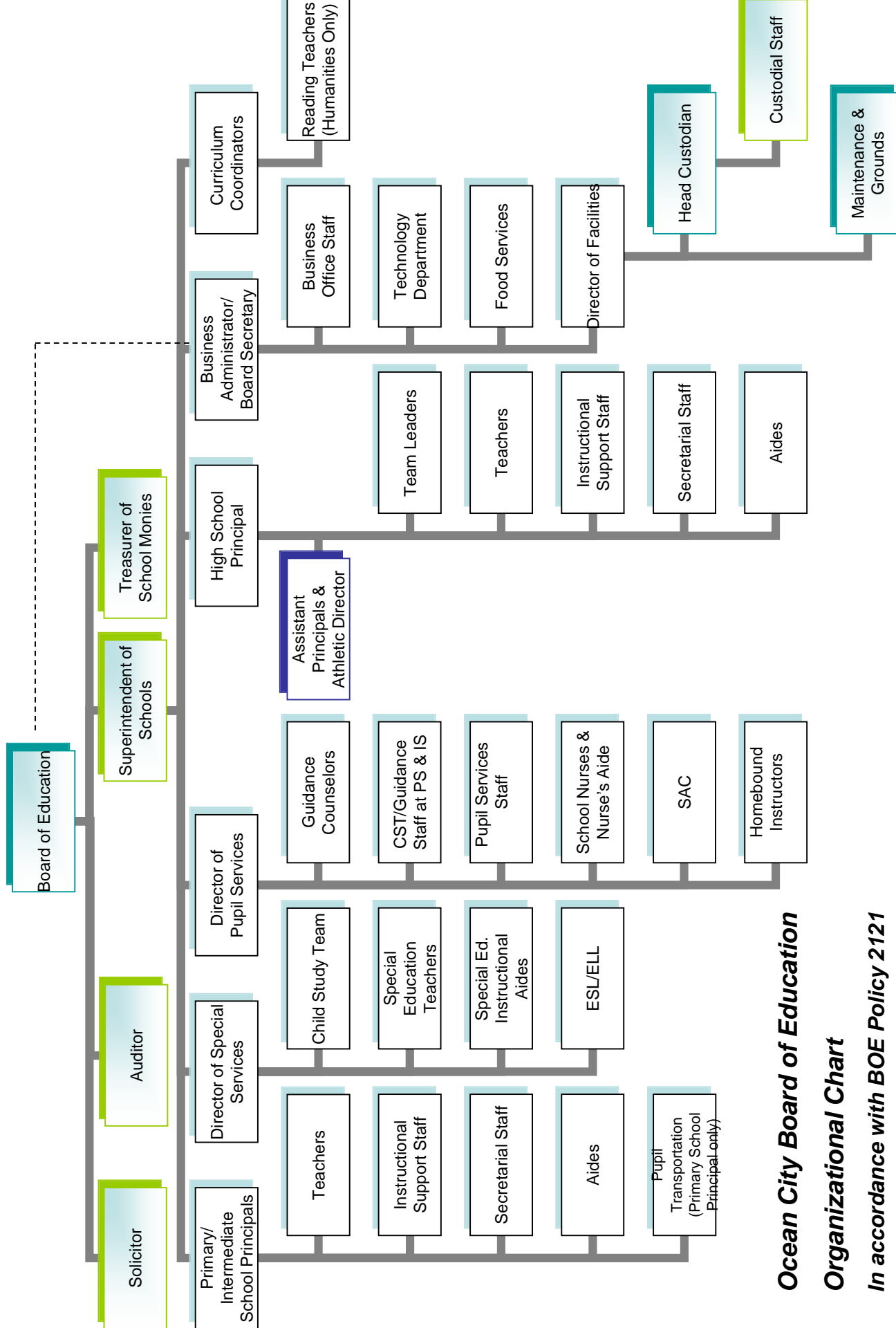
11. ACKNOWLEDGMENTS:

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, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph S. Clark, Jr., President	2018
Jacqueline McAlister, Vice-President	2019
H. James Bauer	2019
Thomas Oves, Jr.	2019
Dale Braun, Jr.	2020
J. Tiffany Prettyman	2020
Cecelia Gallelli- Keyes	2018
Michael James	2018
Gregory Whelan	2020
Andrea Olenik-Hipkins, Upper Township	2018
Fran Newman, Upper Township	2018
Robert Evans, Upper Township	2018
<u>Other Officials</u>	
Kathleen Taylor, Ed. D., Superintendent of Schools	
Timothy E. Kelley, Business Administrator/Board Secretary	
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
Ocean City, New Jersey 08226-0538

ATTORNEY

Michael P. Stanton, Esq.
200 Asbury Avenue
Ocean City, New Jersey 08226

OFFICIAL DEPOSITORIES

Ocean First 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 HAVEN AVENUE • OCEAN CITY, NJ • 08226

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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, 2017, 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 and 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, 2017, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of federal awards and the schedule of state financial assistance as required by NJ OMB 15-08 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 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 20, 2017 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, L.L.C.
Certified Public Accountants

Leon P. Costello

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

November 20, 2017

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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, 2017
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, 2017. 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 2017 are as follows:

- In total, net position increased \$3,187,445, which represents an increase of approximately 11 percent from prior year.
- General revenues accounted for \$34,137,260 in revenue or 73 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$12,471,481 or 27 percent of total revenues of \$46,608,741.
- Total assets of governmental activities increased \$1,388,574 as cash and cash equivalents increased by \$5,071,540, receivables decreased by \$2,327,325, and net capital assets decreased by \$1,583,711.
- The School District had \$55,351,444 in expenses; \$24,301,129 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$34,137,260 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$44,884,494 in revenues and \$41,630,941 in expenditures. In addition, \$400,000 was transferred from the Capital Projects Fund to the General Fund to return unused funds for the renovation project to the District's primary school. The General Fund's fund balance increased \$3,253,553 from 2016.

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, 2017
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 asks the question, "How did we do financially during 2017?" 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, 2017
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.

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**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

Table 1 provides a summary of the School District's net position for 2017 and 2016.

**Table 1
Net Position**

	<u>2017</u>	<u>2016</u>
Assets		
Current and Other Assets	\$ 14,905,299	11,916,782
Capital Assets	45,123,497	46,714,433
	<u>60,028,796</u>	<u>58,631,215</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	<u>3,802,874</u>	<u>1,468,120</u>
Liabilities		
Long-Term Liabilities	29,815,195	29,254,598
Other Liabilities	337,284	261,374
	<u>30,152,479</u>	<u>29,515,972</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	486,759	561,348
Gain on Refunding Bonds	<u>145,036</u>	<u>170,403</u>
	<u>631,795</u>	<u>731,751</u>
Net Position		
Net Investment in Capital Assets	29,574,945	30,038,674
Restricted	13,676,641	10,749,296
Unrestricted	(10,204,190)	(10,936,358)
	<u>33,047,396</u>	<u>29,851,612</u>
Total Net Position	\$ <u>33,047,396</u>	\$ <u>29,851,612</u>

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.

**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal year 2017 and 2016

**Table 2
Changes in Net Position**

	2017	2016
Revenues		
Program Revenues:		
Charges for Services	\$ 13,491,339	13,178,061
Operating Grants and Contributions	10,809,790	7,486,637
General Revenues:		
Property Taxes	24,788,727	24,556,841
Grants and Entitlements	9,101,521	9,536,554
Other	355,851	381,359
Total Revenues	58,547,228	55,139,452
Program Expenses		
Instruction	36,742,098	32,990,867
Support Services:		
Tuition	391,950	329,177
Pupils and Instructional Staff	6,039,999	5,674,487
General and School Administration, Business		
Operations and Maintenance of Facilities	10,248,023	13,992,950
Pupil Transportation	994,939	904,599
Special Schools and Charter Schools	18,909	29,937
Interest on Debt	230,574	1,863,992
Food Service	684,952	668,641
Other		
Total Expenses	55,351,444	56,454,650
Increase in Net Position	\$ 3,195,784	(1,315,198)

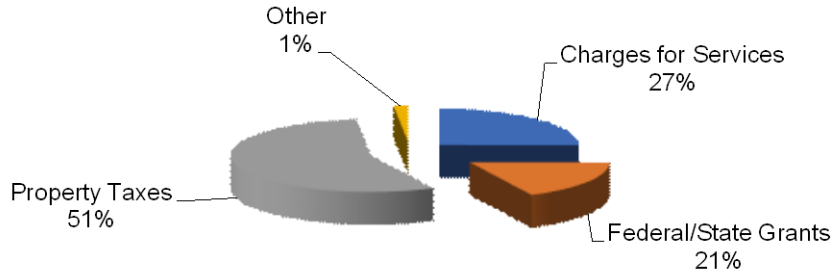
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**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

Governmental Activities

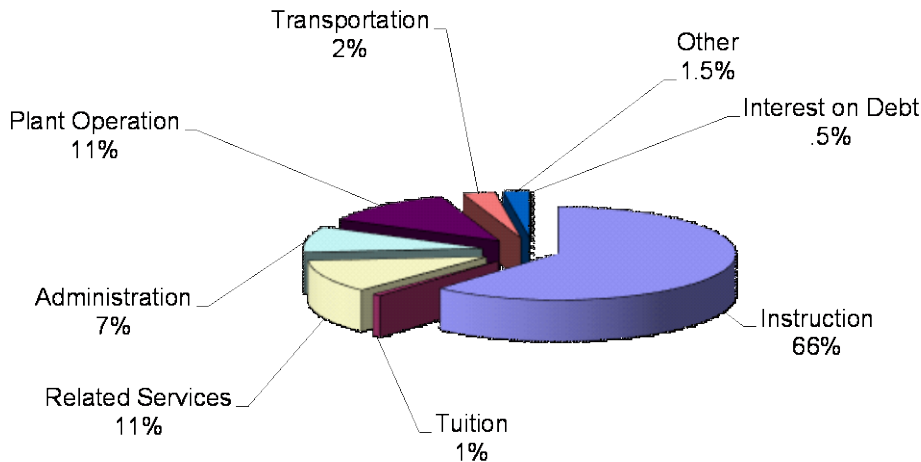
Property taxes made up 51 percent of revenues for governmental activities for the Ocean City School District for fiscal year 2017. The District's total governmental revenues were \$48,608,741 for the year ended June 30, 2017. Charges for services represents 27 percent of revenue and federal, state, and local grants accounted for another 21 percent of revenue.

Sources of Revenue 2017



The total cost of all program and services was \$54,666,492. Instruction comprises 59 percent of District expenses.

Expenses for 2017



**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
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 \$99,349.
- Charges for services represent \$348,753 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 \$236,850

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 Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction	\$ 36,742,098	13,152,934	32,990,867	13,067,824
Support Services:				
Tuition	391,950	391,950	329,177	329,177
Pupils and Instructional Staff	6,848,080	6,720,567	6,543,970	6,380,605
General Administration and Business Services	1,060,394	1,060,394	1,047,717	1,047,717
School Administration	1,894,831	1,894,831	1,770,714	1,770,714
Operation of Plant	6,484,717	6,484,717	10,305,036	10,305,036
Pupil Transportation	994,939	994,939	904,599	904,599
Interest and Finance Charges	230,574	230,574	1,863,992	1,863,992
Other	18,909	18,909	29,937	29,937
Total Expenses	<u>\$ 54,666,492</u>	<u>30,949,815</u>	<u>55,786,009</u>	<u>35,699,601</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, 2017
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 \$48,608,741 and expenditures were \$45,385,020. The net increase in fund balance of operations for the year was \$3,223,721.

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, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2016</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 38,559,117	79.3%	958,452	2.5%
State Sources	9,103,175	18.7%	(424,759)	-1.1%
Federal Sources	946,449	1.9%	(24,464)	-0.1%
Total	<u>\$ 48,608,741</u>	100.0%	<u>509,229</u>	1.3%

The increase in State funding is due to increased extraordinary aid and increased on-behalf TPAF Pension Contributions. The increase in local sources is mostly due to an increase in tuition revenue due Longport School District becoming a sending district.

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**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
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, 2017, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 18,914,107	41.7%	(59,366)	-0.3%
Undistributed expenditures	22,861,762	50.4%	1,112,239	5.8%
Capital Outlay	851,891	1.9%	(4,216,668)	-1697.2%
Special Schools & Charter Schools	18,909	0.0%	(11,028)	-15.2%
Debt Service:				
Principal	2,170,000	4.8%	(40,000)	-2.5%
Interest	568,351	1.3%	(146,304)	-14.9%
Total	<u>\$ 45,385,020</u>	100.0%	<u>(3,361,127)</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 that were completed in 2016.

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.

- 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 \$2,073,379 for FY 2017 and also made on-behalf TPAF post-retirements contributions for the District in the amount of \$1,727,596 and TPAF long-term disability insurance in the amount of \$3,765.
- The State of New Jersey reimbursed the District for TPAF Social Security contributions made during the school year. The amount of \$1,381,791 is reflected as both a revenue and expenditure in the District's financial statements.
- The District expended \$804,361 less than the amount originally budgeted for Health Benefits, \$422,100 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, 2017
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2017, the School District had \$45,057,251 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2016 balances compared to 2016.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 879,750	879,750
Land Improvements	173,577	195,600
Sites, Buildings and Building Improvements	43,296,643	44,831,431
Machinery and Equipment	<u>707,281</u>	<u>807,652</u>
Total	<u>\$ 45,057,251</u>	<u>46,714,433</u>

Debt Administration

At June 30, 2017, the School District had \$15,403,516 of outstanding long term liabilities. Of this amount, \$1,394,080 is for compensated absences, and \$1,863,436 of serial bonds net of unamortized premiums on bonds issued.

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

	<u>2017</u>	<u>2016</u>
2010 General Obligation Bonds	\$ 1,109,000	1,464,000
2014 General Obligation Bonds	2,032,000	2,272,000
2016 Refunding Bonds	9,005,000	10,580,000
Unamortized Bond Premium	1,863,436	2,189,356
Compensated Absences	<u>1,394,080</u>	<u>1,563,440</u>
Total	<u>\$ 15,403,516</u>	<u>18,068,796</u>

At June 30, 2017, 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, 2017
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.

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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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 13,295,315	896,426	14,191,741
Receivables, Net	638,215	70,936	709,151
Internal Balances	902,797	(902,797)	-
Inventory		4,407	4,407
Capital Assets			
Land	879,750		879,750
Capital Assets being Depreciated, net	44,177,500	66,247	44,243,747
Total Assets	59,893,577	135,219	60,028,796
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	3,802,874		3,802,874
LIABILITIES			
Accounts Payable	140,759	22,835	163,594
Payable to State Government	881		881
Unearned Revenue	44,468	5,923	50,391
Accrued Interest	122,418		122,418
Noncurrent Liabilities			
Due Within One Year	2,255,000		2,255,000
Due Beyond One Year	13,148,515		13,148,515
Net Pension Liability	14,411,680		14,411,680
Total Liabilities	30,123,721	28,758	30,152,479
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	486,759		486,759
Gain on Refunding Bonds	145,036		145,036
Total Deferred Outflows of Resources	631,795	-	631,795
NET POSITION			
Net Investment in Capital Assets	29,508,699	66,247	29,574,946
Restricted for:			
Capital Projects	4,871,818		4,871,818
Other Purposes	8,804,823		8,804,823
Unrestricted (Deficit)	(10,244,404)	40,214	(10,204,190)
Total Net Position (Deficit)	\$ 32,940,935	106,461	33,047,396

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, 2017

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
Governmental Activities:							
Instruction:							
Regular	22,397,213	5,499,068	13,142,586	7,436,929	7,316,766	-	(7,316,766)
Special Education	4,734,952	944,469		2,165,513	(3,513,908)		(3,513,908)
Other Special Instruction	2,542,218	624,178		844,136	(2,322,260)		(2,322,260)
Support Services:							
Tuition	391,950				(391,950)		(391,950)
Student & Instruction Related Services	4,533,070	1,506,929		127,513	(5,912,486)		(5,912,486)
General Administration and Business Services	790,129	270,265			(1,060,394)		(1,060,394)
School Administrative Services	1,411,891	482,940			(1,894,831)		(1,894,831)
Plant Operation and Maintenance	4,928,889	1,555,828		-	(6,484,717)		(6,484,717)
Pupil Transportation	994,939				(994,939)		(994,939)
Central Services	602,124	205,957			(808,081)		(808,081)
Unallocated Benefits	11,089,634	(11,089,634)			-		-
Charter Schools	18,909				(18,909)		(18,909)
Interest on Long-Term Debt	230,574				(230,574)		(230,574)
Total Governmental Activities	54,666,492	-	13,142,586	10,574,091	(30,949,815)	-	(30,949,815)
Business-Type Activities:							
Food Service	684,952	-	348,753	235,699	-	(100,500)	(100,500)
Total Business-Type Activities	684,952	-	348,753	235,699	-	(100,500)	(100,500)
Total Primary Government	55,351,444	-	13,491,339	10,809,790	(30,949,815)	(100,500)	(31,050,315)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					22,080,211		22,080,211
Taxes Levied for Debt Service					2,708,516		2,708,516
Federal and State Aid not Restricted					9,101,521		9,101,521
Investment Earnings					3,003	1,151	4,154
Miscellaneous Income					344,010	100,000	344,010
Transfers					(100,000)		(0)
Special Items:							
Contributed Fixed Assets						7,688	7,688
Total General Revenues, Special Items, Extraordinary Items and Transfers					34,137,260	108,839	34,246,099
Change in Net Position					3,187,445	8,339	3,195,784
Net Position (Deficit) - Beginning					29,753,490	98,122	29,851,612
Net Position (Deficit) - Ending					32,940,935	106,461	33,047,396

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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 13,163,673			131,642	13,295,315
Due from Other Funds	971,834				971,834
Receivables from Other Governments	459,080	170,625			629,705
Other Receivables	1,510	7,000			8,510
Total Assets	14,596,097	177,625	-	131,642	14,905,364
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	77,520	63,239			140,759
Due to Other Funds		69,037			69,037
Payable to State Government		881			881
Unearned Revenue		44,468			44,468
Total Liabilities	77,520	177,625	-	-	255,145
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	1,943,098				1,943,098
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	2,152,817				2,152,817
Capital Projects Fund			-		-
Debt Service				131,642	131,642
Committed to:					
Capital Reserve	4,871,818				4,871,818
Maintenance Reserve	2,442,684				2,442,684
Tuition Reserve	1,700,000				1,700,000
Emergency Reserve	557,000				557,000
Assigned to:					
Designated for					
Subsequent Year's Expenditures					-
Other Purposes	346,587				346,587
Unassigned					
General Fund	504,573				504,573
	14,518,577	-	-	131,642	14,650,218
Total Liabilities and Fund Balances	14,596,097	177,625	-	131,642	

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 \$67,402,706 and the accumulated depreciation is \$22,345,455.	45,057,251
Deferred Inflows of Resources - Gain on Refunding Bond Issue is not a resource in the funds and therefore not reported as a debit in the funds.	(145,036)
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(122,418)
Pension Liabilities Net of Deferred Outflows & Inflows	(11,095,565)
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.	(15,403,515)
Net Position of governmental activities	<u>32,940,935</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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 22,080,211	-	-	2,708,516	24,788,727
Tuition Charges	13,344,236				13,344,236
Interest Earned on Investments	3,000		3		3,003
Miscellaneous	355,526	67,625			423,151
Total Local Sources	35,782,973	67,625	3	2,708,516	38,559,117
State Sources	9,075,335	27,840			9,103,175
Federal Sources	26,186	920,263			946,449
Total Revenues	<u>44,884,494</u>	<u>1,015,728</u>	<u>3</u>	<u>2,708,516</u>	<u>48,608,741</u>
EXPENDITURES					
Current:					
Regular Instruction	14,025,129				14,025,129
Special Education Instruction	2,408,826	888,215			3,297,041
Other Special Instruction	1,591,937				1,591,937
Support Services:					
Tuition	391,950				391,950
Student & Instruction Related Serv.	3,843,355	127,513			3,970,868
General Administrative Services	689,299				689,299
School Administrative Services	1,231,716				1,231,716
Plant Operation and Maintenance	3,968,071				3,968,071
Pupil Transportation	994,939				994,939
Central Services	525,285				525,285
Unallocated Employee Benefits	11,089,634				11,089,634
Transfer to Charter School	18,909				18,909
Debt Service:					
Principal				2,170,000	2,170,000
Interest and Other Charges				568,351	568,351
Capital Outlay	851,891	-	-		851,891
Total Expenditures	<u>41,630,941</u>	<u>1,015,728</u>	<u>-</u>	<u>2,738,351</u>	<u>45,385,020</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,253,553</u>	<u>-</u>	<u>3</u>	<u>(29,835)</u>	<u>3,223,721</u>
OTHER FINANCING SOURCES (USES)					
Cancellation of Prior Year Grant			(11,516)		(11,516)
Transfer in	400,000		-	130,382	530,382
Transfer out	(100,000)		(530,382)		(630,382)
Total Other Financing Sources and Uses	<u>300,000</u>	<u>-</u>	<u>(541,898)</u>	<u>130,382</u>	<u>(111,516)</u>
Net Changes in Fund Balance	3,553,553	-	(541,895)	100,547	3,112,204
Fund Balance - July 1	10,965,024	-	541,895	31,095	11,538,014
Fund Balance - June 30	<u>\$ 14,518,577</u>	<u>-</u>	<u>-</u>	<u>131,642</u>	<u>14,650,218</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, 2017

Total Net Change in Fund Balance - Governmental Funds (from B-2)		3,112,204
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	(1,766,891)	
Capital Outlay	<u>183,180</u>	(1,583,711)
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.		
		2,170,000
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	325,920	
Amortization of Gain on Refunding Bonds	<u>25,367</u>	351,287
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of of employee contributions is reported as pension expense.		
District pension contributions - PERS	432,288	
Cost of benefits earned net of employee contributions	<u>(1,248,824)</u>	(816,536)
Tuition due and payable from sending disctricts related to a prior year that was paid in the current year.		
		(201,650)
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.		
		169,360
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.		
		(13,510)
Change in Net Position of Governmental Activities		<u><u>3,187,444</u></u>

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, 2017

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	896,426	896,426
Other Accounts Receivable	32,898	32,898
Intergovernmental Accounts Receivable	38,038	38,038
Inventories	4,407	4,407
	<u>971,769</u>	<u>971,769</u>
Total Current Assets		
Noncurrent Assets:		
Furniture, Machinery & Equipment	234,654	234,654
Less: Accumulated Depreciation	(168,407)	(168,407)
Total Noncurrent Assets	<u>66,247</u>	<u>66,247</u>
	<u>1,038,016</u>	<u>1,038,016</u>
Total Assets		
LIABILITIES		
Current Liabilities:		
Accounts Payable	22,835	22,835
Interfund Payable	902,797	902,797
Unearned Revenue	5,923	5,923
	<u>931,555</u>	<u>931,555</u>
Total Current Liabilities		
NET POSITION		
Net Investment in Capital Assets		
Related Debt	66,247	66,247
Unrestricted	40,214	40,214
	<u>106,461</u>	<u>106,461</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, 2017

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
Operating Revenues:		
Charges for Services:		
Reimbursable Program Daily Sales	\$ 153,227	153,227
Other Daily Sales	175,768	175,768
Special Functions	15,464	15,464
Vending Machine Commissions	4,294	4,294
Total Operating Revenue	<u>348,753</u>	<u>348,753</u>
Operating Expenses:		
Cost of Sales-Reimbursable	64,928	64,928
Cost of Sales- Non Reimbursable	114,253	114,253
Salaries and Benefits	438,943	438,943
Direct Costs	46,313	46,313
Depreciation	14,912	14,912
Miscellaneous	5,603	5,603
Total Operating Expenses	<u>684,952</u>	<u>684,952</u>
Operating (Loss)	(336,199)	(336,199)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	4,702	4,702
Federal Sources:		
National School Lunch Program	182,574	182,574
School Breakfast Program	20,177	20,177
Food Distribution Program	28,246	28,246
Interest and Investment Income	1,151	1,151
Total Nonoperating Revenues (Expenses)	<u>236,850</u>	<u>236,850</u>
Income (Loss) before Contributions & Transfers	(99,349)	(99,349)
Fixed Asset Contributions	7,688	7,688
Transfers In (Out)	100,000	100,000
Changes in Net Position	8,339	8,339
Total Net Position - Beginning	<u>98,122</u>	<u>98,122</u>
Total Net Deficit - Ending	<u>\$ 106,461</u>	<u>106,461</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, 2017

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Other Income	347,042	347,042
Payments for Food and Supplies	(234,627)	(234,627)
Payments for Employees and Benefits	(210,871)	(210,871)
Net Cash Provided by Operating Activities	<u>(98,456)</u>	<u>(98,456)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	4,681	4,681
Federal Sources	229,897	229,897
Interfunds	100,000	100,000
Net Cash Provided by Noncapital Financing Activities	<u>334,578</u>	<u>334,578</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and Dividends	1,151	1,151
Net Cash Provided by Investing Activities	<u>1,151</u>	<u>1,151</u>
Net Increase in Cash and Cash Equivalents	237,273	237,273
Balance - Beginning of Year	659,153	659,153
Balance - End of Year	<u>896,426</u>	<u>896,426</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income	(336,199)	(336,199)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Net Amortization	14,912	14,912
Food Distribution Program		-
(Increase) Decrease Accounts Receivable	(6,760)	(6,760)
(Increase) Decrease in Inventories	852	852
Increase (Decrease) in Accounts Payable	2,379	2,379
Increase (Decrease) in Unearned Revenue	(1,712)	(1,712)
Increase (Decrease) in Interfunds	228,072	228,072
Total Adjustments	<u>237,743</u>	<u>237,743</u>
Net Cash Provided by (Used for) Operating Activities	<u>(98,456)</u>	<u>(98,456)</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, 2017

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 171,147	75,757	354,467
Investments, at Fair Value:			
Certificates of Deposit	177,337	-	31,603
Total Investments	177,337	-	31,603
Interfund Receivable	-	-	-
Total Assets	348,484	75,757	386,070
LIABILITIES			
Accounts Payable	1,245		
Payable to Student Groups			302,634
Payroll Deductions and Withholdings			83,436
Total Liabilities	1,245	-	386,070
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ 347,239		
Reserved for Scholarships		75,757	

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, 2017

	Unemployment Compensation	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan Member	33,337	-
Other		111,004
Total Contributions	33,337	111,004
Investment Earnings:		
Interest	267	124
Total Additions	33,604	111,128
DEDUCTIONS		
Unemployment Claims	22,645	-
Annual Assessment	755	
Scholarships Awarded	-	110,970
Total Deductions	23,400	110,970
Changes in Net Position	10,204	158
Net Position - Beginning of the Year	337,035	75,599
Net Position - End of the Year	347,239	75,757

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, 2017**

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, 2017 of 2,129 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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

- 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 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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 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.

**OCEAN CITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	4,397
Supplies		10
	\$	<u>4,407</u>

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, 2017 is \$270.

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 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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

Regular Programs-Instruction	
Kindergarten- Salaries of Teachers	(75,500)
Undistributed Expenditures-Required Maint School Fac	
Cleaning, Repair and Maintenance Services	(102,200)
Custodial Services-Other Oper & Maint of Plant	
Electricity	200,000
Undistributed Expend.- Student Transportation Services	
Contr. Serv.- (Spec Ed Students)-Vendors	(88,280)
Undistributed Benefits-Employee Benefits	
Health Benefits	(442,100)
Capital Outlay	
Undistributed Exp.- Admin. Info. Tech	138,150
Facilities Acquisition and Construction Services	
Construction Services	78,630

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 2016/17 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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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.

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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 January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units- an amendment of GASB No. Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting, however will affect the disclosure of pension related items.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017". This statement is effective for fiscal periods beginning after June 15, 2017, will have an effect on the District's financial reporting and will affect the disclosure of pension related items.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues". This statement is effective for fiscal periods beginning after June 15, 2017, will have an effect on the District's financial reporting and will affect the disclosure of pension related items. Although not determinable, the impact of this statement on the net position of the entity is not anticipated to be significant.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Leases". This statement is effective for fiscal periods beginning after December 15, 2019, will have an effect on the District's financial reporting and will affect the disclosure of pension related items. Although not determinable, the impact of this statement on the net position of the entity is not anticipated to be significant.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, \$870,576 of the District's bank balance of \$15,659,639 was exposed to custodial credit risk.

NOTE 3 - INVESTMENTS

As of June 30, 2017, the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
Certificate of Deposit	October 8, 2017	\$ 13,960
Certificate of Deposit	November 27, 2017	17,643
Total		<u>\$ 31,603</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.

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, 2017, 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:

	<u>Governmental Fund Financial Statements</u>	<u>Government Wide Financial Statements</u>
State Aid	\$ 629,705	709,151
Due from Other Funds	971,834	
Other	8,510	
Gross Receivables	<u>1,610,049</u>	<u>709,151</u>
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 1,610,049</u>	<u>709,151</u>

NOTE 5 – INTERFUND TRANSFERS AND BALANCES

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 971,834	
Special Revenue Fund		(69,037)
Food Service Fund		(902,797)
	<u>\$ 971,834</u>	<u>(971,834)</u>

The general fund receivable is comprised of three interfunds. The first is due from the special revenue fund in the amount of \$69,037 which is a result of the general fund paying expenses for the special revenue fund. The second interfund of \$902,797 owed to the General Fund from the Food Service Fund for expenses paid by the general fund on behalf of the food service fund.

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NOTE 6 – CAPITAL ASSETS

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 879,750			879,750
Total capital assets not being depreciated	<u>879,750</u>	<u>-</u>	<u>-</u>	<u>879,750</u>
Capital assets being depreciated:				
Land Improvements	555,071			555,071
Buildings and building improvements	62,903,167			62,903,167
Machinery and Equipment	2,892,486	183,180	(10,947)	3,064,719
Total capital assets being depreciated at historical cost	<u>66,350,724</u>	<u>183,180</u>	<u>(10,947)</u>	<u>66,522,957</u>
Less accumulated depreciation for:				
Land Improvements	(359,471)	(22,024)		(381,495)
Buildings and improvements	(18,071,735)	(1,534,788)		(19,606,523)
Equipment	(2,158,305)	(210,079)	10,947	(2,357,437)
Total capital assets being depreciated, net of accumulated depreciation	<u>(20,589,511)</u>	<u>(1,766,891)</u>	<u>10,947</u>	<u>(22,345,455)</u>
Governmental activity capital assets, net	<u>46,640,963</u>	<u>(1,583,711)</u>	<u>-</u>	<u>45,057,252</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	226,966	7,688	-	234,654
Less accumulated depreciation	(153,496)	(14,912)	-	(168,408)
Enterprise Fund capital assets, net	<u>73,470</u>	<u>(7,224)</u>	<u>-</u>	<u>66,246</u>
Grand Total	<u>\$ 46,714,433</u>	<u>(1,590,935)</u>	<u>-</u>	<u>45,123,498</u>

Depreciation expense was charged to governmental functions:

Regular Instruction	\$ 1,019,137
Special Education Instruction	175,038
Other Special Instruction	115,678
Student and Instruction Related Services	279,278
School Administrative Services	89,502
General and Business Administrative Services	50,088
Central Services	38,170
	<u>\$ 1,766,891</u>

No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$568,351, for the entity wide statements this was modified by the change in accrued interest of \$13,510; an amortization of premium on bond sale of (\$325,920); an amortization of gain on refunding \$25,367 and the state charge back to the District for debt service aid of \$150,466 for a total charge of \$230,574.

NOTE 7 – LONG-TERM OBLIGATIONS

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Changes in long-term obligations for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Issues or Additions	Payments or Expenditures	Balance June 30, 2017	Amounts Due Within One Year
Compensated Absences	\$ 1,563,439		169,359	1,394,080	
Bonds Payable	14,316,000		2,170,000	12,146,000	2,255,000
Net Pension Liability	11,185,801	3,658,167	432,288	14,411,680	
Unamortized Costs:					
Bond Premiums	2,189,357		325,920	1,863,437	
	<u>\$ 29,254,597</u>	<u>3,658,167</u>	<u>3,097,567</u>	<u>29,815,197</u>	<u>2,255,000</u>

Compensated absences and Net Pension Liability 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, 2016 bonds payable consisted of the following issues:

\$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, 2017 is \$1,109,000.

\$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, 2017 is \$2,032,000.

\$10,580,000 School Refunding Bonds dated March 23, 2016, due in annual installments through April 1, 2022, bearing interest at rates ranging from 3.00% to 5.00%. The balance remaining as of June 30, 2017 is \$9,005,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds of \$196,817. 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, 2017 is \$25,367 and the remaining deferred inflow of resources is \$145,036.

Debt service requirements on serial bonds payable at June 30, 2017 are as follows:

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Fiscal Year Ending June 30,	Principal	Interest	Total
2018	2,255,000	482,565	2,737,565
2019	2,350,000	415,125	2,765,125
2020	2,484,000	326,190	2,810,190
2021	2,210,000	217,820	2,427,820
2022	2,195,000	116,020	2,311,020
2023-2024	652,000	22,253	674,253
	<u>\$ 12,146,000</u>	<u>1,579,973</u>	<u>13,725,973</u>

NOTE 8 – OPERATING LEASES

The District has commitments to lease certain office equipment under operating leases that expire in fiscal year 2017. Total operating lease payments made during the year ended June 30, 2017 were \$73,033. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2018	19,577
2019	19,577
2020	19,577
2021	19,577
Total future minimum lease payments	<u>\$ 78,308</u>

NOTE 9 – UNEARNED REVENUE

The District has unearned revenue reflected on the Statement of Net Position in the District-Wide Financial Statements of \$50,391. This consists of unearned revenue of \$44,468 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 \$5,923 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>.

Teachers' Pension and Annuity Fund (TPAF)

**OCEAN CITY SCHOOL DISTRICT
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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, 2017.

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, 2017, 2016 and 2015 were \$1,381,791, \$1,383,292 and \$1,372,823 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, 2017, 2016 and 2015 were \$434,893, \$428,403 and \$412,835 respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2017 was \$22,399,806. The TPAF covered payroll was \$19,041,624 and the PERS covered payroll was \$3,358,182. Information for prior years was not available.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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During the fiscal years ended June 30, 2017, 2016 and 2015, the State of New Jersey contributed \$1,727,596, \$1,781,747 and \$1,614,144, 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 \$2,073,379, \$1,496,357, and \$1,372,823, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries along with \$3,765 for long-term disability insurance contribution in 2017. 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 $\frac{1}{4}$ 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 for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

- 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 1/60th from 1/55th, 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 1/7th 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, 2017, the District reported a liability of \$14,411,680 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the District's proportion was 0.04865994490%, which was a decrease of 2.35% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,248,824. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 268,014	
Changes of assumptions	2,985,330	
Net difference between projected and actual earnings on pension plan investments	549,530	
Changes in proportion and differences between District contributions and proportionate share of contributions		(486,759)
District contributions subsequent to the measurement date	432,288	
Total	<u>\$ 4,235,162</u>	<u>\$ (486,759)</u>

\$432,288 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 750,457
2019	750,457
2020	857,927
2021	717,942
2022	239,332
Total	<u>\$ 3,316,115</u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014

**OCEAN CITY SCHOOL DISTRICT
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using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of

**OCEAN CITY SCHOOL DISTRICT
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7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participated employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Decrease (2.98%)	Rate (3.98%)	Increase (4.98%)
District's proportionate share of the net pension liability	\$ 17,271,011	14,411,680	12,053,589

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, 2017, 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>147,023,848</u>
Total	<u>\$ 147,023,848</u>

The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2015.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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For the year ended June 30, 2017, the District recognized pension expense of \$11,046,796 and revenue of \$11,046,796 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 518,114	(251,435)
Changes of assumptions	29,347,724	
Net difference between projected and actual earnings on pension plan investments	2,681,442	
Changes in proportion and differences between District contributions and proportionate share of contributions	4,548,320	
District contributions subsequent to the measurement date	1,448,433	
Total	<u>\$ 38,544,033</u>	<u>\$ (251,435)</u>

\$1,488,433 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 5,412,576
2019	5,412,576
2020	6,340,727
2021	5,929,982
2022	5,009,196
Thereafter	8,739,109
Total	<u>\$ 36,844,166</u>

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

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Inflation Rate	2.50%		
Salary increases			
2012-2021	Varies based on experience		
Thereafter	Varies based on experience		
Investment rate of return	7.65%		

Pre-retirement, post-retirement and disable mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 20012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return.</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging market equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - Multi Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount rate. The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 employers' 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.22% 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 (2.22%) or 1-percentage point higher (4.22%) than the current rate:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
District's proportionate share of 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, 2016, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2017.

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.

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, 2017, 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.
Lincoln Life
Lincoln Investment Planning, Inc.
Washington National Insurance Co.
Prudential Investments

The Equitable
Retirement Annuity Consultants, Inc.
Thomas Seely Agency
Siracusa Benefits Program

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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The activity of the capital reserve account for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016		\$	3,660,818
Deposits			
Interest earned	\$	1,000	
Unexpended funds returned		400,000	
Board Resolution - June		925,000	
			<u>1,326,000</u>
Withdrawals:			
Transfer to Capital Projects Fund by Budget			<u>(115,000)</u>
Ending balance, June 30, 2017		\$	<u>4,871,818</u>

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 2,116,684
Budgeted Increase – FY 2017	1,000
Excess Surplus Transfer by Board Resolution	325,000
Ending balance, June 30, 2017	<u>\$2,442,684</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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 500,000
Budgeted Increase – FY 2017	
Excess Surplus Transfer by Board Resolution	1,200,000
Ending balance, June 30, 2017	<u>\$1,700,000</u>

Of the balance of \$1,700,000 in the reserve; \$1,200,000 is appropriated for tuition adjustments in the FY 2018 district budget and \$500,000 is available to be appropriated in the FY 2017 budget for tuition adjustments.

**OCEAN CITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017**

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 356,000
Budgeted Increase – FY 2017	1,000
Excess Surplus Transfer by Board Resolution	200,000
Ending balance, June 30, 2017	<u><u>\$557,000</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 30th are as follows;

Fund	Amount
General Fund Encumbered Orders	\$ 346,587
Special Revenue Fund - Encumbered Orders	16,184
	<u><u>\$ 362,771</u></u>

Of the general fund encumbrances, \$44,069 is for capital outlay.

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**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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>
2016-2017	\$ 33,337	267	23,400	347,239
2015-2016	4,875	271	47,776	337,035
2014-2015	32,181	312	34,942	379,665

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 \$14,851,506 General Fund fund balance, at June 30, 2016, \$346,587 is reserved for encumbrances; \$2,152,817 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$1,943,098 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017), \$4,871,818 has been reserved in the Capital Reserve Account; \$2,442,684 has been reserved in a Maintenance Reserve Account; \$1,700,000 has been reserved in a Tuition Reserve Account; \$557,000 has been reserved in an Emergency Reserve Account; and \$837,502 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, 2017 is \$4,095,915, of which \$2,152,817 has been included in the 2018 fiscal year budget.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 – SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2017 through November 20, 2017, 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.

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REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 22,080,211		22,080,211	22,080,211	-
Tuition	13,344,236		13,344,236	13,344,236	-
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	100,000		100,000	355,526	255,526
Total Local Sources	35,527,447	-	35,527,447	35,782,973	255,526
State Sources:					
Categorical Special Education Aid	667,169		667,169	667,169	-
School Choice Aid	2,654,400		2,654,400	2,654,400	-
Security Aid	162,163		162,163	162,163	-
Transportation Aid	232,343		232,343	232,343	-
Adjustment Aid	27,650		27,650	27,650	-
Extraordinary Aid	-		-	104,960	104,960
PARCC Aid	13,740		13,740	13,740	-
Pupil Growth Aid	13,740		13,740	13,740	-
Professional Learning Community Aid	14,470		14,470	14,470	-
Host District Support Aid	1,401		1,401	1,401	-
Nonpublic Transportation				3,654	3,654
TPAF Pension (On-Behalf - Non-Budgeted)		2,073,379	2,073,379	2,073,379	-
TPAF Post-retirement (On-Behalf - Non-Budgeted)		1,727,596	1,727,596	1,727,596	-
TPAF Long Term Disability Insurance		3,765	3,765	3,765	-
TPAF Social Security (Reimbursed- Non-Budgeted)		1,381,791	1,381,791	1,381,791	-
Total State Sources	3,787,076	5,186,531	8,973,607	9,082,221	108,614
Federal Sources:					
Medicaid Reimbursement	16,784		16,784	24,697	7,913
Medicaid SEMI ARRA				1,489	1,489
Total Federal Sources	16,784	-	16,784	26,186	9,402
Total Revenues	39,331,307	5,186,531	44,517,838	44,891,380	373,542

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Kindergarten - Salaries of Teachers	410,032	(75,500)	334,532	300,088	34,444
Grades 1 - 5 Salaries of Teachers	2,826,025	42,000	2,868,025	2,761,908	106,117
Grades 6 - 8 Salaries of Teachers	2,112,659	1,500	2,114,159	2,031,412	82,747
Grades 9 - 12 Salaries of Teachers	8,137,329	32,000	8,169,329	7,935,414	233,915
Regular Programs - Home Instruction				-	
Salaries of Teachers	125,000	(4,000)	121,000	79,874	41,126
Purchased Professional - Educational Services	30,000	4,000	34,000	33,906	94
Other Purchased Services (400-500 series)	5,000		5,000	3,585	1,415
Regular Programs - Undistributed Instruction				-	
Purchased Professional - Educational Services	3,500		3,500	1,520	1,980
Purchased Technical Services	213,150	25,000	238,150	104,565	133,585
Other Purchased Services (400-500 series)	205,524	275	205,799	105,095	100,704
General Supplies	1,005,632	(9,327)	996,305	614,795	381,510
Textbooks	110,854	(15,500)	95,354	51,981	43,373
Other Objects	10,572		10,572	986	9,586
TOTAL REGULAR PROGRAMS - INSTRUCTION	15,195,277	448	15,195,725	14,025,129	1,170,596
SPECIAL EDUCATION - INSTRUCTION					
Learning and or Language Disabilities					
Salaries of Teachers	210,068	-	210,068	209,752	316
Other Salaries for Instruction	44,536		44,536	2,700	41,836
General Supplies	1,450		1,450	1,250	200
Total Learning and or Language Disabilities	256,054	-	256,054	213,702	42,352
Auditory Impairments					
Salaries of Teachers	56,686		56,686	-	56,686
Other Salaries for Instruction	10,000		10,000	-	10,000
General Supplies	3,000		3,000	-	3,000
Total Behavioral Disabilities	69,686	-	69,686	-	69,686

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Behavioral Disabilities					
Salaries of Teachers	109,760		109,760	73,173	36,587
Other Salaries for Instruction	23,886		23,886	-	23,886
General Supplies	1,000		1,000	200	800
Total Behavioral Disabilities	134,646	-	134,646	73,373	61,273
Multiple Disabilities					
Salaries of Teachers	296,789		296,789	292,609	4,180
Other Salaries for Instruction	58,219	(500)	57,719	32,752	24,967
General Supplies	3,266	500	3,766	2,223	1,543
Total Multiple Disabilities	358,274	-	358,274	327,584	30,690
Resource Room/Resource Center					
Salaries of Teachers	2,075,463		2,075,463	1,709,664	365,799
Other Salaries for Instruction	27,297		27,297	136	27,161
General Supplies	5,198		5,198	4,213	985
Total Resource Room/Resource Center	2,107,958	-	2,107,958	1,714,013	393,945
Preschool Disabilities - Part-Time					
Salaries of Teachers	95,524		95,524	78,290	17,234
Other Salaries for Instruction	26,528		26,528	1,350	25,178
General Supplies	1,800		1,800	514	1,286
Total Preschool Disabilities - Part-Time	123,852	-	123,852	80,154	43,698
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,050,470	-	3,050,470	2,408,826	641,644
Basic Skills/Remedial - Instruction					
Salaries of Teachers	298,524		298,524	220,223	78,301
Total Basic Skills/Remedial - Instruction	298,524	-	298,524	220,223	78,301
Bilingual Education - Instruction					
Salaries of Teachers	194,505		194,505	136,379	58,126
General Supplies	3,200		3,200	2,054	1,146
Total Bilingual Education - Instruction	197,705	-	197,705	138,433	59,272

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Cocurricular Activities - Instruction					
Salaries	206,200	-	206,200	201,224	4,976
Supplies & Materials	2,412		2,412		2,412
Transfers to Cover Deficit (Agency Funds)	54,000		54,000	48,025	5,975
Total School-Spon. Cocurricular Activities - Inst.	262,612	-	262,612	249,249	13,363
School-Spon. Cocurricular Athletics - Instruction					
Salaries	478,783	2,000	480,783	480,448	335
Other Purchased Services (400-500 series)	157,405	(2,000)	155,405	93,678	61,727
Supplies & Materials	130,733	2,475	133,208	100,027	33,181
Other Objects	8,500		8,500	6,788	1,712
Transfers to Cover Deficit (Agency Funds)	76,510		76,510	64,594	11,916
Total School-Spon. Cocurricular Athletics - Inst.	851,931	2,475	854,406	745,535	108,871
Other Instructional Programs - Instruction					
Other Purchased Services (400-500 series)	1,875		1,875	184	1,691
Supplies & Materials	3,000		3,000	349	2,651
Other Objects	439		439		439
Total Other Instructional Programs - Instruction	5,314	-	5,314	533	4,781
Alternative Education Program- Instruction					
Salaries of Teacher	295,577		295,577	237,964	57,613
Total Alternative Education Program-Instructional	295,577	-	295,577	237,964	57,613
TOTAL INSTRUCTION	20,157,410	2,923	20,160,333	18,025,892	2,134,441

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	37,000	4,700	41,700	41,628	72
Tuition to Other LEAs Within the State-Special	60,000	(4,700)	55,300	13,368	41,932
Tuition to County Voc. School Dist. - Regular	42,856		42,856	42,856	-
Tuition to CSSD & Regional Day Schools	265,500		265,500	201,651	63,849
Tuition to Private Schools for the Disabled - Within State	121,666		121,666	60,141	61,525
Tuition to State Facilities	32,306		32,306	32,306	-
Total Undistributed Expenditures - Instruction	559,328	-	559,328	391,950	167,378
Undistributed Expend. - Attend. & Social Worker Salaries	71,971		71,971	71,830	141
Purchased Professional and Technical Services	72,000		72,000	64,678	7,322
Supplies & Materials					
Total Undist. Expend. - Attend. & Social Worker	143,971	-	143,971	136,508	7,463
Undistributed Expend. - Health Services					
Salaries	350,337	(2,000)	348,337	292,311	56,026
Purchased Professional and Technical Services	14,400		14,400	14,400	-
Other Purchased Services (400-500 series)	1,040	(370)	670	173	497
Supplies & Materials	6,000	2,180	8,180	8,171	9
Other Objects	400	210	610	502	108
Total Undistributed Expend. - Health Services	372,177	20	372,197	315,557	56,640
Undist. Expend. - Speech, PT, OT & Related Services					
Salaries	180,981		180,981	171,509	9,472
Purchased Professionals - Educational Services	178,000	15,500	193,500	193,003	497
Supplies & Materials	2,718		2,718	2,119	599
Total Undist. Expend.-Speech, PT, OT & Rel. Svces	361,699	15,500	377,199	366,631	10,568

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Other Support Serv. Students - Extraordinary Services	341,410	(15,500)	325,910	94,839	231,071
Salaries	30,000		30,000	-	30,000
Purchased Professional-Educational Services					
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	<u>371,410</u>	<u>(15,500)</u>	<u>355,910</u>	<u>94,839</u>	<u>261,071</u>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	827,344	-	827,344	800,162	27,182
Salaries of Secretarial and Clerical Assistants	102,108		102,108	95,516	6,592
Other Purchased Services (400-500 series)	36,600	795	37,395	34,279	3,116
Supplies & Materials	9,300	250	9,550	6,249	3,301
Other Objects	300		300	-	300
Total Undistributed Expend. - Guidance	<u>975,652</u>	<u>1,045</u>	<u>976,697</u>	<u>936,206</u>	<u>40,491</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	654,682	5,100	659,782	654,818	4,964
Salaries of Secretarial and Clerical Assistants	132,269	(7,500)	124,769	116,312	8,457
Purchased Professional - Education Services	87,200	2,400	89,600	68,857	20,743
Other Purchased Prof. And Tech. Services	18,500	(250)	18,250	14,690	3,560
Miscellaneous Purchased Services (400-500 series)	17,000	250	17,250	5,104	12,146
Supplies & Materials	17,475		17,475	10,653	6,822
Other Objects	950		950	-	950
Total Undist. Expend. - Child Study Teams	<u>928,076</u>	<u>-</u>	<u>928,076</u>	<u>870,434</u>	<u>57,642</u>
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisor of Instruction	118,500	4,000	122,500	122,306	194
Salaries of Secr and Clerical Assist.	38,013		38,013	38,012	1
Other Salaries	40,000	(4,000)	36,000	8,160	27,840
Other Purch Prof. and Tech. Services	36,105		36,105	21,769	14,336
Other Purchased Services (400-500 series)	500		500	-	500
Supplies & Materials	3,000		3,000	2,449	551
Other Objects	2,500		2,500	1,930	570
Total Undist. Expend. - Improvement of Inst. Serv.	<u>238,618</u>	<u>-</u>	<u>238,618</u>	<u>194,626</u>	<u>43,992</u>

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	679,263	-	679,263	633,758	45,505
Purchased Professional and Technical Services	91,901	-	91,901	76,668	15,233
Other Purchased Services (400-500 series)	400		400		-
Supplies & Materials	51,394		51,394	29,920	21,474
Other Objects	2,500		2,500	50	2,450
Total Undistributed Expenditures - Educational Media Services - School Library	825,458	-	825,458	740,796	84,662
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors Inst.	118,500	4,000	122,500	122,306	194
Purchased Professional - Educational Services	94,220	(4,000)	90,220	52,956	37,264
Other Purchased Services (400-500 series)	19,450		19,450	11,927	7,523
Supplies and Materials	1,000		1,000	569	431
Total Undistributed Expenditures - Instructional Staff Training Services	233,170	-	233,170	187,758	45,412
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	240,270	7,000	247,270	247,178	92
Legal Services	160,000	(14,500)	145,500	92,345	53,155
Audit Fees	30,000		30,000	23,900	6,100
Architectural/Engineering Services	34,000	(100)	33,900	1,222	32,678
Other Purchased Professional Services	14,000	7,000	21,000	20,180	820
Purchased Technical Services	13,750	500	14,250	14,224	26
Communications/Telephone	157,000		157,000	140,392	16,608
BOE Other Purchased Services	7,150		7,150	6,180	970
Admin/Equipment Leases	1,500	615	2,115	2,112	3
Insurance Premiums	50,000	(615)	49,385	48,266	1,119
Other Purchased Services (400-500 series)	62,000		62,000	60,879	1,121
Travel	2,500		2,500	929	1,571
General Supplies	7,500	500	8,000	7,787	213
BOE In-house Train/Meeting Supplies	500		500	48	452
Judgments Against the School	5,000		5,000	-	5,000
Miscellaneous Expenditures	5,000		5,000	4,807	193
BOE Membership Dues/Fees	19,500		19,500	18,850	650
Total Undistr. Expend. - Support Svs - Gen.Admin.	809,670	400	810,070	689,299	120,771

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

	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.	882,057	25,600	907,657	906,764	893
Salaries of Secretarial Asst.	258,912	(6,500)	252,412	251,961	451
Purchased Professional and Technical Services	1,000		1,000	250	750
Other Purchased Services (400-500 series)	40,200		40,200	25,888	14,312
Supplies and Materials	57,565	153	57,718	41,699	16,019
Other Objects	5,800		5,800	5,154	646
Total Undistributed Expenditures - Support Services - School Administration	<u>1,245,534</u>	<u>19,253</u>	<u>1,264,787</u>	<u>1,231,716</u>	<u>33,071</u>
Undist. Expend. - Central Services					
Salaries	453,851		453,851	446,708	7,143
Purchased Professional Services	16,300		16,300	13,600	2,700
Purchased Technical Services	20,400		20,400	14,787	5,613
Miscellaneous Purchased Services	15,750	4,500	20,250	10,625	9,625
Supplies and Materials	10,000		10,000	2,018	7,982
Miscellaneous Expenditures	4,200		4,200	2,485	1,715
Total Undistributed Expenditures - Central Services	<u>520,501</u>	<u>4,500</u>	<u>525,001</u>	<u>490,223</u>	<u>34,778</u>
Undist. Expend. - Admin Info Tech.					
Salaries	100,000		100,000	-	100,000
Purchased Technical Services	32,045	350	32,395	32,201	194
Other Purchased Services (400-500 series)	400	(350)	50	-	50
Supplies and Materials	10,000		10,000	2,861	7,139
Total Undistributed Expenditures - Admin Info. Tech.	<u>142,445</u>	<u>-</u>	<u>142,445</u>	<u>35,062</u>	<u>107,383</u>
Undist. Expend. - Required Maint. School Fac.					
Salaries	288,274	2,500	290,774	287,810	2,964
Cleaning, Repair and Maintenance Services	479,108	(102,200)	376,908	163,386	213,522
General Supplies	133,500	28,620	162,120	135,366	26,754
Other Objects	2,500		2,500	1,760	740
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>903,382</u>	<u>(71,080)</u>	<u>832,302</u>	<u>588,322</u>	<u>243,980</u>

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Custodial Services	1,201,230	(25,900)	1,175,330	1,131,227	44,103
Salaries	121,286	2,000	123,286	123,147	139
Salaries - Non- Instructional Aides	65,804		65,804	58,794	7,010
Purchased Professional and Technical Services	87,020		87,020	37,473	49,547
Cleaning, Repair and Maintenance Services	1,500		1,500	540	960
Rental of Land and Buildings	109,140	600	109,740	85,694	24,046
Other Purchased Property Services	308,550	(3,000)	305,550	254,290	51,260
Insurance	8,000		8,000	5,138	2,862
Miscellaneous Purchased Services	142,230	10,879	153,109	125,174	27,935
General Supplies	761,750	200,000	961,750	960,277	1,473
Energy (Electricity)	5,500		5,500	2,549	2,951
Other Objects	201,960	48,000	249,960	246,617	3,343
Energy (Natural Gas)					
Total Undistributed Expenditures - Custodial Services	3,013,970	232,579	3,246,549	3,030,920	215,629
Undist. Expend- Care & Upkeep of Grounds	110,964		110,964	106,591	4,373
Salaries	52,800	16,775	69,575	54,785	14,790
Cleaning, Repair, and Maintenance Services	45,000		45,000	34,186	10,814
General Supplies	208,764	16,775	225,539	195,562	29,977
Total Care and Upkeep of Grounds					
Undist. Expend. - Security	139,104	(1,500)	137,604	135,548	2,056
Salaries	27,000	1,500	28,500	17,719	10,781
Purchased Professional and Technical Services	166,104	-	166,104	153,267	12,837
Total Security					
Total Undistributed Expenditures Operations and Maintenance of Plant	4,292,220	178,274	4,470,494	3,968,071	502,423

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Student Transportation Serv.					
Salaries - (Other than Home & Sch)	46,208		46,208	20,995	25,213
Contracted Services (Bet. Home & School)- Vendors	509,028	65,000	574,028	573,927	101
Contracted Services - (Other than Home & Sch)-Ven.	208,460	(1,720)	206,740	171,267	35,473
Contr. Serv. - (Spc Ed. Students) - Vendors	271,446	(88,280)	183,166	183,166	-
Contr. Serv. - (Spc Ed. Students) - Joint Agrmt	25,000	25,000	50,000	27,885	22,115
Contr. Serv. - Aid in Lieu Payments - NonPub Sch	9,000		9,000	7,956	1,044
Transportation Supplies	10,000		10,000	9,743	257
Total Undistributed Expenditures - Student Transportation Services	1,079,142	-	1,079,142	994,939	84,203
Unallocated Benefits - Employee Benefits					
Social Security Contribution	490,000		490,000	376,416	113,584
Other Retirement Contributions - PERS	506,000		506,000	442,259	63,741
Workmen's Compensation	400,000	(10,377)	389,623	375,493	14,130
Health Benefits	5,225,146	(422,100)	4,803,046	4,420,785	382,261
Tuition Reimbursement	55,000		55,000	35,640	19,360
Other Employee Benefits	200,000	104,000	104,000	103,685	315
Unused Sick Payment to Terminated/Retired	200,000		200,000	148,825	51,175
Total Unallocated Benefits	6,876,146	(328,477)	6,547,669	5,903,103	644,566
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (non-bud)		2,073,379	2,073,379	2,073,379	-
On-Behalf TPAF Post-retir. Contribution (non-bud)	-	1,727,596	1,727,596	1,727,596	-
On-Behalf TPAF Long Term Disability Insurance		3,765	3,765	3,765	-
Reimbursed TPAF Social Security Cont.(non-bud)		1,381,791	1,381,791	1,381,791	-
Total On-Behalf Contributions	-	5,186,531	5,186,531	5,186,531	-
Total Personal Services - Employee Benefits	6,876,146	4,858,054	11,734,200	11,089,634	644,566
TOTAL UNDISTRIBUTED EXPENDITURES	19,975,217	5,061,546	25,036,763	22,734,249	2,302,514
TOTAL GENERAL CURRENT EXPENSE	40,132,627	5,064,469	45,197,096	40,760,141	4,436,955

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
CAPITAL OUTLAY					
Equipment					
Undistributed Exp. - Instruction	261,200	42,231	303,431	254,431	49,000
Undistributed Exp. - Security	25,000	(25,000)	-	-	-
Undistributed Exp. - Custodial	51,500	(41)	51,459	51,456	3
Undistributed Exp. - Care and Upkeep of Grounds	42,500	(1,493)	41,007	41,007	-
Undistributed Exp. - Non-Inst. Serv	15,000	(7,290)	7,710	7,710	-
Undistributed Exp. - Admin. Info. Tech.	120,000	138,150	258,150	257,720	430
School Buses-Regular					
Total Equipment	515,200	146,557	661,757	612,324	49,433
Facilities Acquisition and Construction Services					
Construction Services	105,000	78,630	183,630	88,542	95,088
Architectural/Engineering Services	10,000		10,000	559	9,441
Assessment for Debt Service on SDA Funding	150,466		150,466	150,466	-
Total Facilities Acquisition and Construction Services	265,466	78,630	344,096	239,567	104,529
TOTAL CAPITAL OUTLAY	780,666	225,187	1,005,853	851,891	153,962
SPECIAL SCHOOLS					
Summer School - Instruction	10,000		10,000	-	10,000
Salaries of Teachers	10,000	-	10,000	-	10,000
Total Summer School - Instruction					
TOTAL SPECIAL SCHOOLS	10,000	-	10,000	-	10,000
Transfer of Funds to Charter Schools	18,909		18,909	18,909	-
TOTAL EXPENDITURES	40,942,202	5,289,657	46,231,859	41,630,941	4,600,918

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,610,895)	(103,126)	(1,714,021)	3,260,439	4,974,459
Other Financing Sources/(Uses):					
Operating Transfers:					
Transfer from Capital Project		(100,000)	(100,000)	400,000	(400,000)
Transfer to Cover Deficit - Food Service Fund		(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources/(Uses):	-	(100,000)	(100,000)	300,000	(400,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,610,895)	(203,126)	(1,814,021)	3,560,439	5,374,459
Fund Balance July 1	11,291,067		11,291,067	11,291,067	-
Fund Balance June 30	9,680,172	(203,126)	9,477,046	14,851,506	5,374,459
Recapitulation:					
Restricted Fund Balance:				2,152,817	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,943,098	
Excess Surplus - Current Year					
Committed Fund Balance:					
Capital Reserve				4,871,818	
Maintenance Reserve				2,442,684	
Tuition Reserve 15-16				1,200,000	
Tuition Reserve 16-17				500,000	
Emergency Reserve				557,000	
Assigned Fund Balance:					
Year-End Encumbrances				346,587	
Unassigned Fund Balance					
General Fund				837,502	
				14,851,506	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(332,929)	
				14,518,577	

**OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources		93,244	93,244	67,625	(25,619)
State Sources		34,540	34,540	27,840	(6,700)
Federal Sources	679,972	228,987	908,959	908,959	-
Total Revenues	679,972	356,771	1,036,743	1,004,424	(32,319)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	668,004	(100,940)	567,064	566,075	989
Salaries of Other Professional Staff			-	-	-
Other Purchased Services (400-500 series)		193,871	193,871	193,871	-
General Supplies		132,468	132,468	114,087	18,381
Textbooks		2,882	2,882	2,878	4
Total Instruction	668,004	228,281	896,285	876,911	19,374
Support Services:					
Salaries of Other Professional Staff		2,540	2,540	-	2,540
Personal Services - Employee Benefits		87,042	87,042	87,042	-
Purchased Professional Technical Services			-	-	-
Other Purchased Services (400-500 series)	6,968	25,733	32,701	30,636	2,065
General Supplies	5,000	11,175	16,175	9,835	6,340
Other Objects			-	-	-
Total Support Services	11,968	126,490	138,458	127,513	10,945
Contribution to Charter Schools					
			-	-	-
Facilities Acquisition & Construction Services:					
Instructional Equipment		2,000	2,000	-	2,000
		2,000	2,000	-	2,000
Total Expenditures	679,972	356,771	1,036,743	1,004,424	32,319
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-

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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, 2017**

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	\$ 44,891,380	1,004,424
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		(4,880)
Current Year		16,184
The Final State Aid payments for the Year Ended June 30, 2016 that was delayed until July 2016 was recorded as budgetary revenue for the Year Ended June 30, 2016. but is not recognized under GAAP until the Year Ended June 30, 2017.	326,043	
The Final State Aid payment for the Year Ended June 30, 2017 that was delayed until July 2017 was recorded as budgetary revenue for the Year Ended June 30, 2017 but is not recognized under GAAP until the Year Ended June 30, 2018.	(332,929)	-
	44,884,494	1,015,728
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	41,630,941	1,004,424
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		(4,880)
Current Year		16,184
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	\$ 41,630,941	1,015,728

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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 Four Fiscal Years

	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0486599449%	0.0498289421%	0.0500779018%	0.0526741551%
District's proportionate of the net pension liability (asset)	\$ 14,411,680	\$ 11,185,801	\$ 9,375,953	\$ 10,067,078
District's covered payroll	\$ 3,163,872	\$ 3,359,550	\$ 3,285,998	\$ 3,412,544
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	455.51%	332.96%	285.33%	295.00%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

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

Note: This schedule is required by GASB 68 to be show information for a 10 year period.
However, information is only currently available for four years.
Additional years will be presented as they become available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 434,893.00	\$ 428,403.00	\$ 396,889.00	\$ 402,251.00
Contributions in relation to the contractually required contribution	<u>\$ 434,893.00</u>	<u>\$ 428,403.00</u>	<u>\$ 396,889.00</u>	<u>\$ 402,251.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,163,872.00	\$ 3,359,550.00	\$ 3,285,998.00	\$ 3,412,544.00
Contributions as a percentage of covered-employee payroll	13.75%	12.75%	12.08%	11.79%

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

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	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>147,023,848</u>	<u>118,869,177</u>	<u>101,449,991</u>	<u>101,028,085</u>
Total	<u>\$ 147,023,848</u>	<u>\$ 118,869,177</u>	<u>\$ 101,449,991</u>	<u>\$ 101,028,085</u>
District's covered payroll	\$ 18,908,829	\$ 18,854,793	\$ 18,744,812	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.64%

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

Note: This schedule is required by GASB 68 to be show information for a 10 year period.
However, information is only currently available for four years.
Additional years will be presented as they become available.

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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, 2017

	Ocean City Education Foundation	Shore Med Center Donation	Ocean City PTA	Atlanticare Grant	Sustainable Jersey	Sustainable Jersey-Well	NJSIG Safety Grant
REVENUES:							
Local Sources	16,835	2,000	38,764	28	2,621	4,000	22,039
State Sources							
Federal Sources							
Total Revenues	<u>16,835</u>	<u>2,000</u>	<u>38,764</u>	<u>28</u>	<u>2,621</u>	<u>4,000</u>	<u>22,039</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Salaries of Other Professional Staff			2,189				
Other Purchased Services (400-500 series)			33,960	28	820		
General Supplies	16,835	2,000					
Textbooks							
Other Objects							
Total Instruction	<u>16,835</u>	<u>2,000</u>	<u>36,149</u>	<u>28</u>	<u>820</u>	<u>-</u>	<u>-</u>
Support Services:							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits							
Purchased Professional - Educational Services							
Purchased Technical Services			2,615		1,801	4,000	22,039
Other Purchased Services (400-500 series)							
General Supplies							
Other Objects							
Total Support Services	<u>-</u>	<u>-</u>	<u>2,615</u>	<u>-</u>	<u>1,801</u>	<u>4,000</u>	<u>22,039</u>
Capital Outlay:							
Instructional Equipment							
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>16,835</u>	<u>2,000</u>	<u>38,764</u>	<u>28</u>	<u>2,621</u>	<u>4,000</u>	<u>22,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017

	Building Eco Grant	Title I Part A	I.D.E.A. Part B	I.D.E.A. Preschool	Title IIA	MAC SADD
REVENUES:						
Local Sources	1,650	-	-	-	-	338
State Sources		270,833	543,680	15,279	79,167	
Federal Sources		270,833	543,680	15,279	79,167	338
Total Revenues	1,650	270,833	543,680	15,279	79,167	338
EXPENDITURES:						
Instruction:						
Salaries of Teachers		170,990	326,784	11,000	57,301	
Salaries of Other Professional Staff						
Other Purchased Services (400-500 series)			191,332	1,012		338
General Supplies	1,650	55,441				
Textbooks						
Other Objects						
Total Instruction	1,650	226,431	518,116	12,012	57,301	338
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits		42,327	25,564	3,267	15,884	
Purchased Professional - Educational Services						
Purchased Technical Services					5,982	
Other Purchased Services (400-500 series)		2,075				
General Supplies						
Other Objects						
Total Support Services	-	44,402	25,564	3,267	21,866	-
Capital Outlay:						
Equipment						
Total Capital Outlay	-	-	-	-	-	-
Total Expenditure	1,650	270,833	543,680	15,279	79,167	338
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017

	MAC Intramural	MAC SCAT	MAC Misc	Non Public Textbook Aid	Non Public Technical Aid	Non Public Security Aid	Totals 2017
REVENUES:							
Local Sources	400	351	638	2,878	964	1,959	67,625
State Sources							27,840
Federal Sources							908,959
Total Revenues	400	351	638	2,878	964	1,959	1,004,424
EXPENDITURES:							
Instruction:							
Salaries of Teachers							566,075
Salaries of Other Professional Staff							-
Other Purchased Services (400-500 series)			350				193,871
General Supplies	400	351	288		964		114,087
Textbooks				2,878			2,878
Other Objects							-
Total Instruction	400	351	638	2,878	964	-	876,911
Support Services:							
Salaries of Other Professional Staff							-
Personal Services - Employee Benefits							87,042
Purchased Professional - Educational Services							-
Purchased Technical Services							-
Other Purchased Services (400-500 series)						1,959	30,636
General Supplies							9,835
Other Objects							-
Total Support Services	-	-	-	-	-	1,959	127,513
Capital Outlay:							
Other Equipment							-
Instructional Equipment							-
Total Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	400	351	638	2,878	964	1,959	1,004,424
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

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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, 2017

Project Title/Issue	Date	Original Appropriations	GAAP Expenditures to Date Prior Years	Current Years	Authorizations Canceled	Unexpended Balance June 30, 2016
Improvements and Renovations to Primary School	3/11/2014	\$ 7,052,946	\$ 6,511,051	-	\$ 541,895	-
		<u>\$ 7,052,946</u>	<u>6,511,051</u>	<u>-</u>	<u>541,895</u>	<u>-</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, 2017

REVENUES AND OTHER FINANCING SOURCES:

State Sources:	
SDA Grants	\$ (11,516)
Local Sources	
Interest Earned on Deposits	<u>3</u>
Total Revenues	<u>(11,513)</u>
EXPENDITURES	
None	<u> </u>
Total Expenditures	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,513)
Other Financing Sources(Uses):	
Operating Transfers Out:	
Transfer from Capital Reserve	(400,000)
Transfer to Debt Service Fund	<u>(130,382)</u>
	(530,382)
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	(541,895)
Fund Balances, July 1	<u>541,895</u>
Fund Balances, June 30	<u><u>\$ -</u></u>

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, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Costs
REVENUES AND OTHER FINANCING SOURCES:				
State Sources:				
SDA Grant	\$ 2,399,279	(11,516)	2,387,763	2,387,763
Local Sources				
Transfer from Capital Reserve	2,156,667	(400,000)	1,756,667	1,756,667
Transfer to Debt Service Fund		(130,379)	(130,379)	(130,379)
Bond proceeds and transfers	2,497,000		2,497,000	2,497,000
Total Revenues	<u>7,052,946</u>	<u>(541,895)</u>	<u>6,511,051</u>	<u>6,511,051</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional/technical services	788,604		788,604	788,604
Construction services	5,722,447		5,722,447	5,722,447
Total Expenditures	<u>6,511,051</u>	<u>-</u>	<u>6,511,051</u>	<u>6,511,051</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 541,895</u>	<u>(541,895)</u>	<u>-</u>	<u>-</u>
ADDITIONAL PROJECT INFORMATION:				
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	(17,104)			
Revised Authorized Cost	5,980,672			
Percentage Increase over Original Authorized Cost	-0.29%			
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2015			
Revised Target Completion Date	9/30/2017			

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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, 2017

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 171,147	75,757	354,467	601,371
Investments, at Fair Value:				
Certificate of Deposit	177,337		31,603	208,940
Total Cash and Investments	348,484	75,757	386,070	810,311
Interfund Receivable		-	-	-
Total Assets	348,484	75,757	386,070	810,311
LIABILITIES				
Accounts Payable	1,245			1,245
Interfunds Payable			-	-
Payable to Student Groups			302,634	302,634
Payroll Deductions & Withholdings			83,436	83,436
Total Liabilities	1,245	-	386,070	387,315
Net Position				
Held in Trust for Unemployment				
Claims and Other Purposes	347,239			347,239
Reserve for Scholarships		75,757		75,757
Total Net Position	\$ 347,239	\$ 75,757		422,996
Total Liabilities and Net Position			\$	810,311

OCEAN CITY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

	Unemployment Compensation Trust	Private Purpose Trust	Totals
ADDITIONS			
Contributions:			
Plan Member	\$ 33,337	-	33,337
Other		111,004	111,004
Total Contributions	33,337	111,004	144,341
Investments Earnings:			
Interest	267	124	391
Net Investment Earnings	267	124	391
Total Additions	33,604	111,128	144,732
Deductions			
Unemployment Claims	22,645		22,645
Annual Assessment	755		755
Scholarships Awarded		110,970	110,970
Total Deductions	23,400	110,970	134,370
Change in Net Position	10,204	158	10,362
Net Position - Beginning of the Year	337,035	75,599	412,634
Net Position - End of the Year	\$ 347,239	75,757	422,996

OCEAN CITY SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Primary School Activity Account	\$ 8,803	3,014.00	3,936.00	7,881
Intermediate School Activity Account	25,681	96,732	87,405	35,008
High School Activity Account	245,993	398,662	391,017	253,638
High School Red & White Account	2,194	94,078	90,165	6,107
Total Assets	<u>\$ 282,671</u>	<u>592,486</u>	<u>572,523</u>	<u>302,634</u>

**OCEAN CITY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and Cash Equivalents	\$ 93,262	27,497,325	27,507,151	83,436
Total Assets	<u>93,262</u>	<u>27,497,325</u>	<u>27,507,151</u>	<u>83,436</u>
LIABILITIES:				
Payroll Deductions & Withholding	93,262	12,327,037	12,336,863	83,436
Net Payroll	-	15,170,288	15,170,288	-
Interfund Payable	-			-
Total Liabilities	<u>\$ 93,262</u>	<u>27,497,325</u>	<u>27,507,151</u>	<u>83,436</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, 2017

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2016			Interest Rate	Balance June 30, 2016	Decreased	Refunded	Balance June 30, 2017
			Date	Amount	Rate					
Various Improvements at the Intermediate School	2/24/2010	3,469,000	9/15/2017	370,000	2.600%	1,464,000	355,000		1,109,000	
			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	5/15/2018	250,000	1.000%	2,272,000	240,000		2,032,000	
			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%								
Refunding Bonds, Series 2016	3/23/2016	10,580,000	4/1/2018	1,635,000	4.000%	10,580,000	1,575,000		9,005,000	
			4/1/2019	1,725,000	5.000%					
			4/1/2020	1,830,000	5.000%					
			4/1/2021	1,920,000	5.000%					
4/1/2022	1,895,000	5.000%								
						<u>\$ 14,316,000</u>	<u>2,170,000</u>	<u>-</u>	<u>12,146,000</u>	

OCEAN CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,708,516		2,708,516	2,708,516	-
Total - Local Sources	2,708,516	-	2,708,516	2,708,516	-
Total Revenues	2,708,516	-	2,708,516	2,708,516	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,170,000		2,170,000	2,170,000	-
Interest on Bonds	568,351		568,351	568,351	0
Total Regular Debt Service	2,738,351	-	2,738,351	2,738,351	0
Total Expenditures	2,738,351	-	2,738,351	2,738,351	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,835)	-	(29,835)	(29,835)	0
Other Financing Sources(Uses):					
Operating Transfers In:					
Transfers in from Other Funds			-	130,382	130,382
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	(29,835)	-	(29,835)	100,547	130,382
Fund Balance, July 1	31,095	-	31,095	31,095	-
Fund Balance, June 30	1,260	-	1,260	131,642	130,382
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ (29,835)	-	(29,835)	100,547	130,382

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	20,890,288	20,928,514	19,286,385	26,003,285	25,982,531	24,960,564	25,325,131	30,286,131	29,985,203	29,508,699
Restricted	5,270,049	5,163,189	9,724,692	6,126,935	9,333,567	10,372,280	9,962,939	11,511,538	10,749,296	13,676,641
Unrestricted	(1,273,549)	(2,807,807)	(1,008,182)	(2,055,144)	(2,109,267)	(503,206)	1,707,816	(10,731,619)	(10,961,009)	(10,244,404)
Total governmental activities net position	24,886,788	23,283,886	27,982,894	30,075,077	33,206,831	34,829,638	36,995,886	31,066,050	29,763,490	32,940,936
Business-type activities										
Net investment in capital assets	139,634	130,776	117,756	107,057	94,197	81,337	75,268	76,004	73,471	66,247
Restricted	53,253	49,745	46,591	9,313	29,461	(72,891)	(90,990)	24,756	24,651	40,214
Unrestricted	192,887	180,521	184,347	116,370	123,658	8,346	(15,722)	100,760	96,122	106,461
Total business-type activities net position										
District-wide										
Net investment in capital assets	21,029,922	21,059,290	19,384,141	26,110,342	26,076,728	25,041,901	25,400,399	30,362,135	30,038,674	29,574,946
Restricted	5,270,049	5,163,189	9,724,692	6,126,935	9,333,567	10,372,280	9,962,939	11,511,538	10,749,296	13,676,641
Unrestricted	(1,220,296)	(2,735,052)	(961,951)	(2,045,651)	(2,073,606)	(676,197)	1,616,620	(10,706,863)	(10,936,356)	(10,204,190)
Total district net position	25,079,675	23,464,417	28,147,241	30,191,446	33,330,488	34,637,884	36,980,164	31,166,810	29,851,612	33,047,396

Source: CAFR Schedule A-1

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

Exhibit J-2

	Fiscal Year ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
Instruction:										
Regular	19,662,740	20,511,306	19,001,560	18,862,396	18,690,896	20,028,740	18,890,343	22,589,476	24,471,530	27,896,281
Special education	4,296,868	4,739,710	4,588,998	4,658,772	4,654,783	4,750,874	4,699,907	5,696,127	5,630,676	5,679,421
Other special education	2,281,307	2,163,831	2,235,270	2,172,481	1,991,674	1,982,505	1,926,487	2,448,933	2,688,681	3,166,396
Support Services:										
Tuition	436,352	169,351	195,864	135,328	356,510	304,527	329,485	275,748	325,177	381,950
Student & instruction related services	5,125,681	5,463,226	5,280,238	5,171,935	4,747,828	4,997,511	4,726,324	5,159,198	5,674,487	6,039,999
School administrative services	2,434,304	2,228,400	1,808,912	1,824,061	1,806,159	1,921,997	1,782,691	1,879,058	1,770,714	1,894,831
General Administration and Business Services	1,063,256	1,557,577	1,478,113	1,478,865	1,573,079	1,664,901	1,914,406	1,805,596	1,917,200	1,868,475
Plant operations and maintenance	5,066,059	4,201,377	4,765,229	4,132,487	4,252,785	4,917,742	5,049,216	4,838,006	10,305,036	6,484,717
Pupil transportation	876,900	941,514	913,898	887,414	867,421	944,321	1,209,151	896,924	904,589	994,939
Special schools	121,009	143,960	16,402	13,506	13,506	-	-	-	-	-
Charter Schools	33,077	71,840	75,224	52,159	63,899	42,374	3,716	9,904	29,937	18,909
Interest on long-term debt	1,120,564	1,091,165	1,021,506	939,859	964,837	998,171	971,712	772,318	1,863,992	230,574
Unallocated depreciation	-	-	-	-	20,151	-	-	-	-	-
Total governmental activities expenses	42,518,117	43,276,277	41,597,815	40,332,158	40,002,527	42,553,663	41,503,438	46,371,288	55,786,009	54,666,492
Business-type activities:										
Food service	754,460	778,956	740,086	729,478	698,153	687,500	618,209	642,339	668,641	684,952
Total business-type activities expenses	754,460	778,956	740,086	729,478	698,153	687,500	618,209	642,339	668,641	684,952
Total district expenses	43,272,576	44,057,233	42,337,900	41,061,637	40,700,680	43,251,163	42,121,647	47,013,627	56,454,650	55,351,444
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	15,368,212	13,887,901	14,464,451	13,959,021	13,602,146	12,922,719	10,959,443	10,469,451	12,844,272	13,142,586
Operating grants and contributions	6,612,800	3,621,913	866,859	4,306,864	5,042,105	5,974,914	4,388,293	5,571,884	7,242,136	10,574,091
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	21,981,012	17,509,814	15,331,310	18,265,886	18,644,251	18,897,633	15,347,736	16,030,335	20,086,408	23,716,677
Business-type activities:										
Charges for services:										
Food service	533,880	533,308	497,174	460,308	410,868	330,862	365,440	375,574	333,789	348,753
Operating grants and contributions	178,423	206,011	226,271	220,648	244,308	201,130	228,236	243,342	244,501	235,699
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	712,313	741,319	723,445	680,957	655,175	531,993	593,676	618,916	578,290	584,452
Total district program revenue	22,693,325	18,251,133	16,054,755	18,946,842	19,299,426	19,429,626	15,941,412	16,649,251	20,664,698	24,301,129
Net (Expense)/Revenue										
Governmental activities	(20,537,104)	(25,768,462)	(26,266,505)	(22,066,273)	(21,358,276)	(23,656,030)	(26,155,702)	(30,340,953)	(35,699,601)	(30,949,815)
Business-type activities	(42,147)	(37,637)	(16,641)	(48,522)	(43,978)	(165,507)	(24,633)	(23,423)	(90,351)	(100,500)
Total district-wide net expense	(20,579,251)	(25,806,100)	(26,283,146)	(22,114,794)	(21,401,254)	(23,821,537)	(26,180,235)	(30,364,376)	(35,789,952)	(31,050,315)

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

Exhibit J-2

	Fiscal Year ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	18,898,956	19,683,731	20,471,080	21,289,923	21,640,721	21,640,721	21,640,721	21,965,332	21,965,332	22,080,211
Taxes levied for debt service	2,109,195	2,180,439	2,215,880	2,572,195	2,613,155	2,631,863	2,640,851	2,716,545	2,591,509	2,708,516
Unrestricted grants and contributions	630,112	2,019,138	7,945,836	196,745	372,949	941,644	3,312,246	9,129,118	9,536,554	9,101,521
Investment earnings	162,011	10,020	69,988	65,887	22,449	11,979	12,895	8,489	3,807	3,003
Miscellaneous income	190,226	296,607	262,719	194,948	111,907	104,917	716,090	386,821	364,639	344,010
Special item - Loss on Disposal of Capital Assets				(161,243)						
Extraordinary item - Loss of Sale of Securities										
Extraordinary item - Loss on Refunding Bonds										
Loss on Disposal of Capital Assets	(1,325)	(24,565)	(50,000)	(50,000)	(50,000)	(50,000)	(3,275)	(125,000)	(75,000)	(100,000)
Transfers	21,989,175	24,165,570	30,965,503	24,158,456	24,711,181	25,278,837	28,321,528	34,081,305	34,387,041	34,137,260
Total governmental activities	3,103	487	467	544	266	195	465	522	804	1,151
Business-type activities:										
Investment earnings	1,325	219			50,000	50,000	-	125,000	75,000	100,000
Loss on Disposal of Capital Assets	4,428	25,271	467	544	50,266	50,195	465	125,522	11,909	7,688
Total business-type activities	21,993,603	24,190,841	30,965,971	24,158,999	24,761,447	25,329,032	28,321,993	34,206,827	34,474,754	34,246,099
Total district-wide	1,452,070	(1,602,893)	4,698,998	2,092,183	3,352,905	1,622,807	2,165,826	3,740,352	(1,312,560)	3,187,445
Governmental activities	(37,718)	(12,366)	(16,174)	(47,978)	(7,288)	(115,312)	(24,068)	102,089	(2,638)	8,339
Business-type activities	1,414,352	(1,615,259)	4,682,825	2,044,205	3,360,193	1,507,495	2,141,758	3,842,451	(1,315,198)	3,185,784

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted	-	-	-	2,767,494	3,271,787	3,004,924	2,668,937	2,879,983	3,651,712	4,095,915
Committed				3,222,684	4,770,684	6,695,262	4,492,672	4,980,502	6,633,502	9,571,502
Assigned				142,896	911,879	324,779	2,103,548	95,002	203,125	346,587
Unassigned				689,972	665,448	572,865	468,858	477,009	476,685	504,573
Reserved	4,997,909	5,080,191	4,542,113							
Unreserved	858,785	609,853	565,497							
Total general fund	5,856,694	5,690,044	5,107,610	6,823,046	9,619,798	10,597,830	9,724,015	8,432,496	10,965,024	14,518,577
All Other Governmental Funds										
Restricted:										
Reported in Capital Projects Fund	-	-	-	359,217	359,217	347,022	3,480,161	(659,792)	541,895	-
Reported in Debt Service Fund				8	212	283	333,680	29,835	31,095	131,642
Committed:										
Reported in Capital Projects Fund				20,000	20,000	-	-	-	-	-
Assigned										
Unassigned										
Reserved										
Unreserved, reported in:										
Special revenue fund	(9,251)	66,359	6,300,905							
Capital projects fund	511,206	330,074	924,744							
Debt service fund	311,679	20	8							
Total all other governmental funds	533,634	\$ 396,452	7,225,658	379,225	379,429	347,315	3,813,841	(629,957)	572,990	131,642

Source: CAFR Schedule B-1

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

Exhibit J-4

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	20,550,472	21,035,859	21,864,170	22,686,960	23,862,118	24,272,584	24,281,572	24,681,877	24,556,841	24,788,727
Tuition charges	14,302,265	15,368,212	14,883,119	14,623,934	13,959,021	12,922,719	10,959,443	10,458,451	12,642,622	13,344,236
Interest earnings	304,158	162,011	10,020	69,988	65,887	11,979	12,895	8,489	3,807	3,003
Miscellaneous	186,377	200,509	408,850	330,601	294,365	185,611	773,196	456,380	397,395	423,151
State sources	6,423,100	6,483,919	4,895,945	7,924,713	3,349,730	6,027,668	6,794,166	9,103,271	9,527,934	9,103,175
Federal sources	688,528	721,001	633,062	819,654	1,054,462	806,195	851,267	1,085,993	970,913	946,449
Total revenue	42,454,900	43,971,511	42,695,167	46,455,849	42,585,583	44,228,757	43,672,539	45,794,461	48,099,512	48,608,741
Expenditures										
Instruction:										
Regular instruction	14,882,973	14,497,395	14,919,367	14,607,714	13,811,632	14,179,593	14,084,865	14,033,484	14,073,893	14,025,129
Special education instruction	3,188,107	3,382,051	3,532,771	3,514,445	3,561,120	3,495,186	3,521,092	3,538,661	3,353,297	3,297,041
Other special education instruction	1,638,694	1,705,850	1,703,900	1,711,862	1,600,474	1,441,084	1,443,292	1,521,375	1,546,283	1,591,937
Support Services:										
Tuition	680,669	436,352	169,351	195,864	135,328	304,527	254,820	275,748	329,177	391,950
Student & instruction related services	3,959,153	3,910,322	4,045,528	4,043,824	3,763,095	3,611,511	3,540,894	3,753,069	3,859,313	3,970,868
General administrative services	873,004	923,834	750,296	708,249	641,089	730,877	816,184	721,212	713,854	689,299
School administrative services	1,409,321	1,333,122	1,458,754	1,385,339	1,325,203	1,356,087	1,335,563	1,366,924	1,204,293	1,231,716
Business administrative/central services	503,349	497,761	494,971	551,647	533,812	577,958	571,873	592,272	590,067	525,285
Plant operations and maintenance	3,335,642	3,513,907	3,540,250	3,662,257	3,393,675	3,760,381	3,718,281	3,694,793	4,039,104	3,968,071
Pupil transportation	832,124	861,650	925,984	913,898	876,972	931,832	905,876	896,924	904,599	994,939
Unallocated employee benefits	8,898,332	9,671,476	8,614,557	8,285,830	8,383,266	9,645,095	8,846,788	9,407,182	10,109,116	11,089,634
Special schools	92,003	89,622	103,597	50,546	11,745	-	-	-	-	-
Charter schools	35,191	33,077	71,840	75,224	52,159	42,374	3,716	9,904	29,937	18,909
Capital outlay	592,260	1,600,059	445,287	1,741,809	7,018,218	524,570	1,892,953	4,443,842	5,068,559	851,891
Debt service:										
Principal	1,030,000	1,055,000	1,115,000	1,200,000	1,555,000	1,720,000	1,805,000	1,895,000	2,210,000	2,170,000
Interest and other charges	1,182,018	1,133,093	1,082,980	1,030,018	1,053,793	911,863	836,063	797,280	714,655	568,351
Total Expenditures	43,132,840	44,644,569	42,974,434	43,678,525	47,716,581	43,232,839	43,577,250	46,947,670	48,746,147	45,385,020
Excess (Deficiency) of revenues over (under) expenditures	(677,940)	(673,058)	(279,267)	2,777,325	(5,130,998)	995,918	95,289	(1,153,209)	(646,635)	3,223,721
Other Financing Sources (Uses)										
Transfer in	44,035	14,137	20	1,661,900	36,578	81	1,435,096	661,081	400,807	530,382
Transfer out	(69,035)	(15,463)	(24,585)	(1,661,900)	(36,578)	(50,081)	(1,435,096)	(786,081)	(475,807)	(630,382)
Bond Proceeds				3,469,447			2,497,422			
Grant Revenue										
Canceled Prior Year Payable										
Total other financing sources (uses)	(25,000)	(1,325)	(24,565)	3,469,447	-	(50,000)	2,497,422	(125,000)	(75,000)	(100,000)
Extraordinary Item										
Loss on Sale of Securities										
Net change in fund balances	(702,940)	(674,383)	(303,832)	6,246,772	(5,130,998)	945,918	2,592,711	(1,278,209)	(721,635)	3,123,720
Debt service as a percentage of noncapital expenditures	5.20%	5.08%	5.17%	5.32%	6.41%	6.16%	6.34%	6.33%	6.70%	6.15%

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 Ended June 30,	Interest on Investments	Retroactive EDA Grant	Refunds/ Rebates	Miscellaneous	Totals
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
2016	3,000			364,839	367,839
2017	3,000			355,526	358,526

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
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	13,340,913,388
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
2016	160,014,800	10,734,629,900	495,865,000	733,300	43,206,000	11,434,449,000	-	2,873,724	11,437,322,724	0.217	11,572,723,590
2017	162,585,800	10,848,470,000	499,578,900	733,300	42,637,800	11,554,005,800	-	2,812,574	11,556,818,374	0.218	11,693,633,891

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	
2008	0.151	0.026	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	0.183	0.017	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	0.195	0.023	0.218	0.222	0.011		0.034	0.410	0.895
2016	0.194	0.023	0.217	0.225	0.011		0.034	0.420	0.907
2017	0.195	0.023	0.218	0.230	0.011		0.035	0.449	0.943

Source: District Records and Municipal Tax Collector

Ocean City School District
Principal Property Tax Payers,
Current Year and Nine Years Ago

Exhibit J-8

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Gilamco, Inc.	\$ 12,672,600	1	0.11%	\$ 15,766,600	5	0.12%
Berman H & 1200 Boardwalk Shop	11,806,100	2	0.10%	17,468,500	4	0.14%
Port-O-Call Associates	9,890,000	3	0.09%	13,192,000	6	0.10%
Magton, Inc.	9,856,900	4	0.09%	20,802,100	2	0.16%
YFP Ocean City LLC	6,800,000	5	0.06%			
Gillian Brothers, Inc.	6,370,500	6	0.06%	9,910,100	8	0.08%
Holloway, Gary & Patricia	6,368,000	7	0.06%	7,743,300	9	0.06%
OC 34 Associates, LLC	6,249,000	8	0.05%			
Mita, Eustace W & Susanne E	6,184,900	9	0.05%	19,329,400	3	0.15%
Raab Family, LLC	5,847,200	10	0.05%	21,897,100	1	0.17%
JWR Construction, Co. Inc				12,477,900	7	0.10%
Chase Real Estate Development				7,629,300	10	0.06%
Totals	\$ 82,045,200		0.71%	\$ 146,216,300		1.14%
	District Assessed Value		\$ 11,556,818,374			\$ 12,820,330,992

Source: District CAFR & Municipal Tax Assessor

**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	
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%	-
2016	24,556,841	24,556,841	100%	-
2017	24,788,727	24,788,727	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		* Debt Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	
2008	22,645,000.00	-	-	-	22,645,000.00	1,513
2009	21,530,000.00	226,344.42	226,344.42	-	21,756,344.42	1,464
2010	23,799,000.00	153,828.16	153,828.16	-	23,952,828.16	1,629
2011	22,244,000.00	74,418.60	74,418.60	-	22,318,418.60	1,907
2012	20,614,000.00	-	-	-	20,614,000.00	1,775
2013	18,894,000.00	-	-	-	18,894,000.00	1,632
2014	19,586,000.00	-	-	-	19,586,000.00	1,709
2015	17,691,000.00	-	-	-	17,691,000.00	1,555
2016	14,316,000.00	-	-	-	14,316,000.00	1,261
2017	12,146,000.00	-	-	-	12,146,000.00	1,071
					Total District	Percentage of Personal Income

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 Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	* Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	22,645,000	-	22,645,000	0.18%	40,497
2009	21,530,000	-	21,530,000	0.17%	41,366
2010	23,700,000	-	23,700,000	0.18%	43,026
2011	22,244,000	-	22,244,000	0.17%	44,017
2012	20,614,000	-	20,614,000	0.17%	44,965
2013	18,894,000	-	18,894,000	0.17%	47,611
2014	19,586,000	-	19,586,000	0.18%	49,307
2015	17,691,000	-	17,691,000	0.16%	49,716
2016	14,316,000	-	14,316,000	0.13%	51,812
2017	12,146,000	-	12,146,000	0.11%	53,309

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

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

**Ocean City School District
 Direct and Overlapping Governmental Activities Bonded Debt,
 As of December 31, 2016 for overlapping debt**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
City of Ocean City	122,276,931	100.00%	122,276,931
Other Debt			
County of Cape May	226,540,860	22.99%	52,072,091
Subtotal, Overlapping Debt			174,349,022
City of Ocean City School District Direct Debt			12,146,000
Total Direct and Overlapping Debt			<u>186,495,022</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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	510,193,662	535,306,056	528,416,662	520,374,880	507,250,828	488,327,706	481,306,487	461,272,824	461,213,038	468,118,385
Total net debt applicable to limit	22,645,000	21,530,000	23,799,000	22,244,000	20,614,000	18,894,000	19,586,000	17,691,000	14,316,000	12,146,000
Legal debt margin	487,548,662	513,776,056	504,617,662	498,130,880	486,636,828	469,433,706	461,720,487	443,581,824	446,897,038	455,972,385
Total net debt applicable to the limit as a percentage of debt limit	4.44%	4.02%	4.50%	4.27%	4.06%	3.87%	4.07%	3.84%	3.10%	2.59%

	2016	2015	2014
Equalized valuation basis	\$ 11,964,475,254	\$ 11,634,390,749	\$ 11,510,012,871
Average equalized valuation of taxable property	\$ 11,702,959,625		
Debt limit (4% of average)	468,118,385		
Net bonded school debt	12,146,000		
Legal debt margin	\$ 455,972,385		

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

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

Exhibit J-14

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	14,970	606,240,090	40,497	5.7%
2009	14,863	614,822,858	41,366	8.2%
2010	14,702	632,568,252	43,026	8.6%
2011	11,702	515,086,934	44,017	9.0%
2012	11,615	522,268,475	44,965	9.8%
2013	11,576	551,144,936	47,611	9.8%
2014	11,462	565,156,834	49,307	11.1%
2015	11,380	565,768,080	49,716	11.1%
2016	11,355	588,325,260	51,812	7.1%
2017	11,340	604,524,060	53,309	6.6%

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

Exhibit J-15

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ocean City Board of Education				370	1	35.92%
City of Ocean City				284	2	27.57%
Methodist Homes for the Aged				100	3	9.71%
Super Fresh Market				86	4	8.35%
Port-O-Call Hotel				45	5	4.37%
Perry-Egan Chevrolet				39	6	3.79%
Acme Markets				36	7	3.50%
Ford Scott & Associates				35	8	3.40%
McDonald's Restaurant				35	9	3.40%
Totals	-		0.00%	1,030		100.00%

Information not available

Source: District Records (2017) and City of Ocean City (2008)

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

Exhibit J-16

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular instruction	212.0	211.0	213.0	204.0	145.0	138.0	138.0	138.0	153.0	152.4
Other instruction	36.2	36.2	39.0	38.0	49.0	45.3	45.3	45.3	45.3	45.7
Support Services:										
Student & instruction related services	35.9	35.9	37.0	35.0	60.0	49.4	49.4	49.4	34.4	36.0
General administrative services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0
School administrative services	15.8	15.8	15.8	16.0	16.0	17.0	17.0	17.0	16.0	14.0
Business administrative services	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
Plant operations and maintenance	35.5	33.5	34.0	32.0	41.0	35.0	35.0	35.0	35.0	35.0
Pupil transportation	0.7	0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Food Service										
Total	345.1	342.1	348.5	335.0	321.0	295.7	295.7	295.7	294.7	296.1

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				
2008	2,077.0	40,856,418	19,671	6.57%	208.0	8.2:1	8.4:1	11.9:1	2,088	1,985	#DIV/0!	95.07%
2009	2,103.0	40,331,168	19,178	-2.51%	208.0	7.5:1	7.8:1	11.7:1	2,132	2,019	2.11%	94.70%
2010	2,102.0	39,706,698	18,890	-1.50%	208.0	8.3:1	8.6:1	11.6:1	2,095	1,987	-1.76%	94.85%
2011	2,049.0	38,089,570	18,589	-1.59%	201.0	8.8:1	9.6:1	11.3:1	2,052	1,940	-2.03%	94.54%
2012	2,034.0	37,696,873	18,533	-0.30%	190.0	9.6:1	9.6:1	11.6:1	2,065	1,967	0.63%	95.25%
2013	2,089.0	39,039,518	18,688	0.84%	193.0	10.1:1	9.7:1	11.0:1	2,065	1,977	0.00%	95.74%
2014	2,095.0	39,043,234	18,636	-0.28%	183.0	10.9:1	10.8:1	11.8:1	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%
2016	2,144.0	40,752,933	19,008	2.70%	183.0	10.9:1	10.9:1	11.6:1	2,125	1,977	-0.93%	93.04%
2017	2,129.0	41,794,778	19,631	3.28%	183.0	10.9:1	10.9:1	11.6:1	2,128	2,030	0.14%	95.39%

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Buildings</u>										
<u>Elementary</u>										
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)	275	309	327	329	344	394	394	394	441	361
Enrollment										
<u>Middle School</u>										
Ocean City Intermediate School	93,846	93,846	93,846	102,448	102,448	102,448	102,448	102,448	102,448	102,448
Square Feet	707	707	707	707	707	707	707	707	707	707
Capacity (students)	413	454	488	483	465	477	485	485	451	533
Enrollment										
<u>High School</u>										
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)	1,399	1,340	1,282	1,240	1,255	1,228	1,216	1,216	1,252	1,235
Enrollment										
<u>Other</u>										
Administration	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Square Feet										

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

Number of Schools at June 30, 2017

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)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ocean City Primary School	N/A	119,152	107,761	101,969	73,483	70,889	36,205	83,779	54,439	84,915	75,163
Ocean City Intermediate School	N/A	196,251	171,677	175,293	158,087	130,825	175,978	247,406	226,432	211,416	193,022
Ocean City High School	N/A	385,493	348,891	347,014	203,673	335,213	706,247	381,647	466,045	416,587	320,135
Total School Facilities		700,896	628,329	624,276	435,243	536,927	918,429	712,832	746,916	712,918	588,320
Other Facilities					98,929	116,341					
Grand Total		700,896	628,329	624,276	534,172	653,268	918,429	712,832	746,916	712,918	588,320

Source: District Records

**Ocean City School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Exhibit J-20

Company	Type of Coverage	Amount of Coverage	Deductible
New Jersey School Board 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 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 & 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: Timothy Kelley - School Business Admin	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
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, 2017, and have issued our report thereon dated November 20, 2017. 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, L.L.C.

Certified Public Accountants

Leon P. Costello

Leon P. Costello

Certified Public Accountant

Licensed Public School Accountant

No. 767

November 20, 2017



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 Compliance Supplement* and the *New Jersey State Aid/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, 2017. 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 Uniform Guidance and New Jersey OMB 15-08. Those standards, OMB Uniform Guidance and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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, 2017.

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 Uniform Guidance and New Jersey OMB 15-08 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
Ford, Scott & Associates, L.L.C.
Certified Public Accountants

Leon P. Costello

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

November 20, 2017

CITY OF OCEAN CITY SCHOOL DISTRICT
 Financial Assistance
 Schedule A
 for the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures		Balance at June 30, 2017	
						Accounts Receivable	Unearned Revenue		Pass Through Direct	Source Through Direct	Unearned Revenue	(Accounts Receivable)
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Food Distribution Program	10550	17161NJ06N1099	NA	7/1/16 - 6/30/17	28,246	-	-	28,246	(28,246)	-	-	-
School Breakfast Program	10553	17161NJ06N1099	NA	7/1/16 - 6/30/16	25,413	(4,888)	-	4,888	-	-	-	-
National School Lunch Program	10555	17161NJ06N1099	NA	7/1/16 - 6/30/17	180,170	(31,214)	-	15,596	(20,177)	-	-	(4,581)
National School Lunch Program	10555	17161NJ06N1099	NA	7/1/16 - 6/30/16	162,574	-	-	31,214	(182,574)	-	-	(52,653)
Total Enterprise Fund						(96,102)	-	229,895	(230,997)	-	-	(37,294)
U.S. Department of Health and Human Services												
Passed-through State Department of Health												
Medical Assistance-ARRA	83778	1705NBMAS	NA	7/1/16 - 6/30/17	1,489	-	-	1,489	(1,489)	-	-	-
Medical Assistance	83778	1705NBMAS	NA	7/1/16 - 6/30/17	24,637	-	-	24,637	(24,637)	-	-	-
Total General Fund						-	-	26,126	(26,126)	-	-	-
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
Title I, Part A, Carryover	84010A	S010A150030	NCLB	7/1/16 - 6/30/17	269,678	(79,641)	-	181,774	(269,678)	-	-	(89,504)
Title II Teacher and Principal Training and Recruiting Fund	84010A	S010A150030	NCLB	7/1/16 - 6/30/16	274,836	-	-	79,641	-	-	-	(20,628)
Title III Recruit and Principal Training and Recruiting Fund Carryover	84387A	S367A150029	NCLB	7/1/16-6/30/17	79,167	(21,439)	-	58,539	(79,167)	-	-	-
	84387A	S367A150029	NCLB	7/1/15 - 6/30/16	82,032	-	-	21,439	-	-	-	-
I.D.E.A. Part B - Basic	84027	H027A150100	FT 06	7/1/16 - 6/30/17	543,680	(99,651)	-	486,580	(543,680)	-	-	(57,100)
I.D.E.A. Part B - Basic - Carryover	84027	H027A150100	FT 06	7/1/16 - 6/30/16	565,845	(14,652)	-	99,651	-	-	-	-
I.D.E.A. Part B - Preschool	84173	H123A150114	FT 06	7/1/16 - 6/30/17	15,279	(4,403)	-	10,886	(15,279)	14,652	-	(4,383)
I.D.E.A. Part B - Preschool-Carryover	85173	H123A150114	FT 05	7/1/15 - 6/30/16	15,079	-	-	4,403	-	-	-	-
Total Special Revenue Fund						(219,786)	-	942,313	(907,804)	-	14,652	(170,625)
Total Federal Financial Assistance						(255,888)	-	1,198,394	(1,164,987)	-	14,652	(207,629)

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, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Amount	Grant Period		Deferred Revenue (Accounts Receivable)	Due to Grantor	Comptroller (Withdrawal) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reimbursement Prior Year Balances	Balance at June 30, 2017		MEMO
			From	To							(Accounts Receivable)	Due to Grantor	
State Department of Education													
General Fund:													
State Aid - Public Cluster:													
17-485-034-5120-089		657,169	7/1/2016	6/30/2017	-	-	604,683	(657,169)	-	-	-	(62,486)	657,169
17-485-034-5120-088		2,654,400	7/1/2016	6/30/2017	-	-	2,405,795	(2,654,400)	-	-	-	(248,605)	2,654,400
17-485-034-5120-084		162,163	7/1/2016	6/30/2017	-	-	146,975	(162,163)	-	-	-	(15,188)	162,163
17-485-034-5120-085		27,650	7/1/2016	6/30/2017	-	-	25,060	(27,650)	-	-	-	(2,590)	27,650
PARCC Aid		13,740	7/1/2016	6/30/2017	-	-	12,453	(13,740)	-	-	-	(1,287)	13,740
Per Pupil Growth Aid		14,479	7/1/2016	6/30/2017	-	-	14,475	(14,479)	-	-	-	(4)	14,479
Community Aid		1,401	7/1/2016	6/30/2017	-	-	1,279	(1,401)	-	-	-	(122)	1,401
Post District Support Aid													
Total State Aid Public Cluster		232,648	7/1/2016	6/30/2017	-	-	3,221,804	(3,554,733)	-	-	-	(332,929)	3,554,733
Transportation Aid		3,654	7/1/2016	6/30/2017	-	-	232,648	(232,648)	-	-	-	(3,654)	232,648
Non-public Transportation Aid		3,480	7/1/2015	6/30/2016	(3,480)	-	3,480	(3,654)	-	-	-	(174)	3,480
Extraordinary Aid		104,960	7/1/2016	6/30/2017	-	-	74,548	(104,960)	-	-	-	(30,412)	104,960
Extraordinary Aid		1,381,791	7/1/2016	6/30/2017	(693,320)	-	1,313,229	(1,381,791)	-	-	-	(68,562)	1,381,791
Reimbursed TPAF - Social Security		1,363,232	7/1/2015	6/30/2016	(147,349)	-	4,915,029	(5,277,799)	-	-	-	(177,176)	5,277,799
Total General Fund		2,882	7/1/2016	6/30/2017	-	-	2,882	(2,878)	-	-	-	(4)	2,878
Special Revenue Fund:		3,483	7/1/2015	6/30/2016	-	142	1,300	(964)	(142)	-	-	-	2,672
NJ Nonpublic Aid:		1,586	7/1/2015	6/30/2016	-	27	2,500	(1,959)	(27)	-	-	-	1,586
Textbook Aid		1,525	7/1/2015	6/30/2016	-	1,525	3,800	(2,923)	(1,525)	-	-	-	1,525
Technology Aid													
Security Aid													
Total Special Revenue Fund		2,882	7/1/2016	6/30/2017	-	1,694	3,800	(2,923)	(1,694)	-	-	-	7,288
New Jersey Economic Development Authority		3,408,856			(597,245)	-	597,245	-	-	-	-	-	3,394,544
Capital Projects Fund		2,399,279			(1,556,626)	-	1,555,110	-	11,516	-	-	-	2,387,763
Improvements and Renovations to the					(2,163,871)	-	2,152,355	-	11,516	-	-	-	1,525
Improvements and Renovations to the													
Primary School													
Total Capital Project Fund		4,702	7/1/2016	6/30/2017	(814)	-	3,867	(4,702)	(835)	-	-	(835)	4,702
Enterprise Fund:		4,753	7/1/2015	6/30/2016	(814)	-	814	-	-	-	-	-	4,753
National School Lunch Program (State Share)													
National School Lunch Program (State Share)													
Total Enterprise Fund		4,753	7/1/2015	6/30/2016	(814)	-	814	(4,702)	-	-	-	-	4,753
Total State Financial Assistance		\$ 12,529,974			\$ (2,312,033)	\$ 1,694	\$ 7,071,998	\$ (5,285,411)	\$ 9,822	\$ -	\$ -	\$ (510,105)	\$ 12,529,974

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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017**

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 Uniform Guidance and NJ OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

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 \$6,886 for the general fund and \$11,304 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 TPAF Pension	Total
General Fund	\$ 26,186	3,895,690	(3,804,740)	117,136
Special Revenue Fund	908,959	27,840		936,799
Capital Projects Fund		2,152,355		2,152,355
Food Service Fund	230,997	4,702		235,699
Total Financial Assistance	\$ 1,166,142	6,080,587	(3,804,740)	3,441,989

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, 2017
(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, 2017. 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, 2017.

**OCEAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2017**

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 20, 2017
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 20, 2017
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Uniform Guidance?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**OCEAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2017
(CONTINUED)**

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

State Awards

Dollar threshold used to distinguish between type A and Type B Programs:	\$750,000
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 20, 2017
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 15-08?	No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5094-003	Reimbursed TPAF Social Security Contributions

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, 2017
(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.