

**Comprehensive Annual
Financial Report**

of the

City of Ocean City School District

Ocean City, New Jersey

For the Year Ended June 30, 2018

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Introductory Section

OCEAN CITY BOARD OF EDUCATION

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Ocean City, New Jersey 08226-3891
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January 25, 2019

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, 2018 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 2017-2018 fiscal year with an enrollment of 2,130 students, which is 1 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2017-18	2,130	0.05%
2016-17	2,129	-0.70%
2015-16	2,144	0.89%
2014-15	2,125	1.58%
2013-14	2,092	1.31%

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 continues. 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 and also increased internet bandwidth available to classrooms throughout all schools to ensure our schools future-ready. Network infrastructure including wireless access points and network switches were upgraded to provide classrooms with the modern backbone needed to provide today's increasingly digital curriculum. The AMX Unified Classroom will further enhance the classroom experience with teacher voice amplification, classroom screen sharing across devices, and safety enhancements to allow for immediate remote notification and response in the event of an emergency within the classroom.

The Ocean City Intermediate School was awarded bronze-level certification for sustainability efforts through the Sustainable Jersey for Schools Program. Through its sustainability and wellness programs, the Intermediate School has implemented a variety of programs including a student garden and student yoga classes.

The District continued its commitment to student wellness by opening a Student Wellness Center within Ocean City High School during the 2017-2018 school year. The Student Wellness Center provides students resources and activities throughout the school year in both structured and unstructured settings. Also opened this year, the College and Career Center offers students various opportunities and tools as they navigate their individual educational career pathways. The Center offers students resources for students planning to attend colleges and universities throughout the nation, career and technical training, as well as military opportunities.

The District also furthered its committed to maintain safe and functional student learning environments by continuing a focus on infrastructure maintenance and improvements. During the 2018 fiscal year, the entire phone system was replaced with a modern and reliable IP based telephone system. Other improvements included upgrades to security cameras, access control, and building management systems. These enhancements allow the District to continue providing a safe and secure environment which facilitates student learning.

The 2017-2018 year also saw numerous accolades for the district. The District is proud to be home of the 2018 New Jersey State Teacher of the Year, the 2018 New Jersey State Principal of the Year, and the 2018 New Jersey State Superintendent of the Year.

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, 2018.

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, 2018, the District's outstanding debt consists of \$9,891,000 in general obligation bonds. This balance consists of \$7,370,000 from the refunding bonds issued in March 23, 2016, \$739,000 from bonds issued on February 24, 2010 for improvements to the intermediate school and \$1,782,000 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.

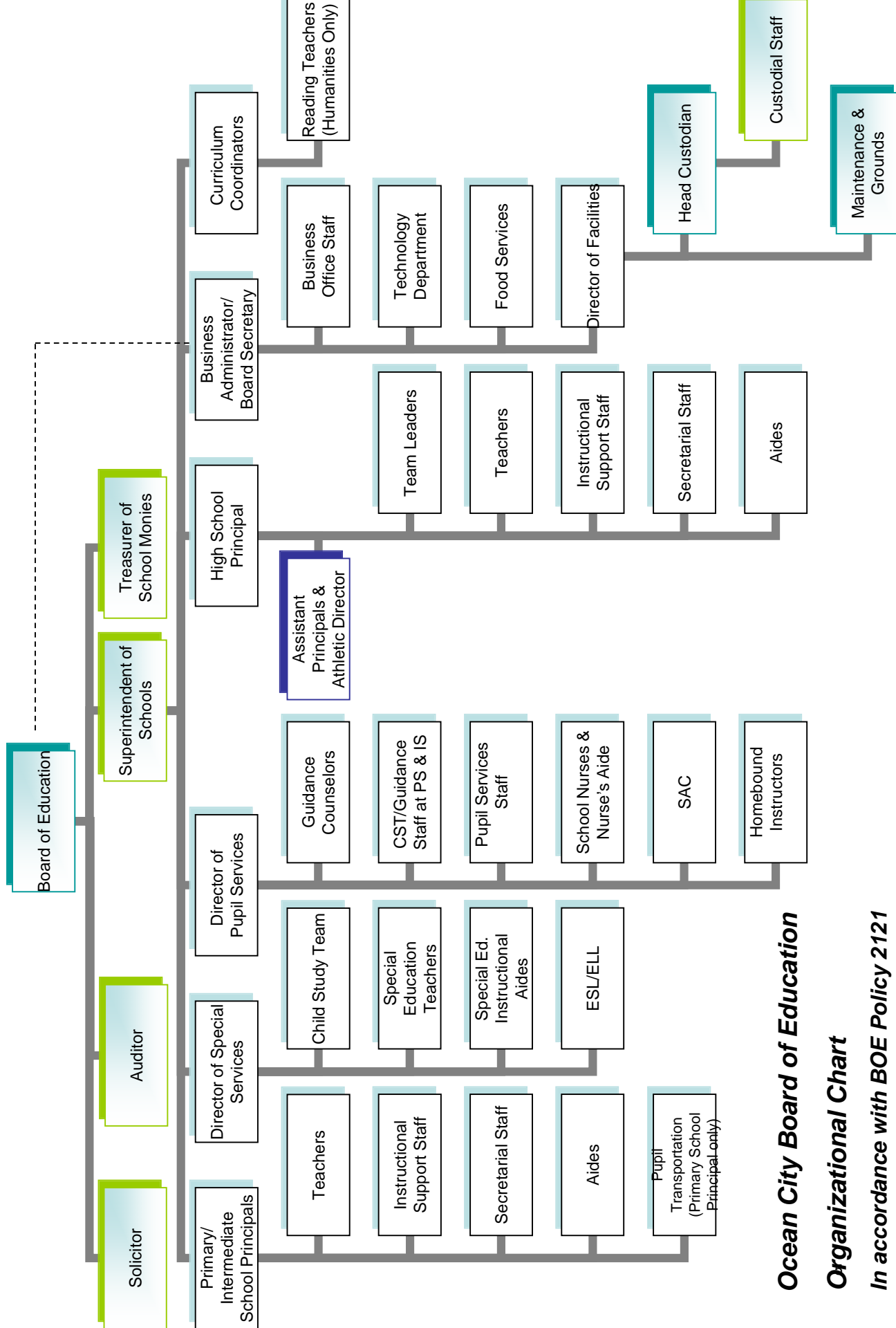
11. ACKNOWLEDGMENTS:

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, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph S. Clark, Jr., President	2021
Jacqueline McAlister, Vice-President	2019
H. James Bauer	2019
Dale Braun, Jr.	2020
Michael James	2021
Cecelia Gallelli- Keyes	2021
Suzanne Morgan	2019
J. Tiffany Prettyman	2020
Gregory Whelan	2020
Andrea Olenik-Hipkins, Upper Township	2019
Frances T. Newman, Upper Township	2019
William Sooy, Upper Township	2019
<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

AUDIT FIRM

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

ATTORNEY

Michael P. Stanton, Esq.

OFFICIAL DEPOSITORIES

Ocean First Bank

Bank of America

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Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018, 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, 2018, 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 January 25, 2019 on our consideration of the City of Ocean City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ocean City School District's internal control over financial reporting and compliance.

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

Ford, Scott & Associates, LLC.
Certified Public Accountants

Leon P. Costello

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

January 25, 2019

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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, 2018
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, 2018. 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 2018 are as follows:

- In total, net position increased \$1,216,589, which represents an increase of approximately 3 percent from prior year.
- General revenues accounted for \$35,409,052 in revenue or 69 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$16,101,928 or 31 percent of total revenues of \$51,510,980.
- Total assets of governmental activities increased \$1,068,653 as cash and cash equivalents increased by \$329,894, receivables increased by \$738,759, and net capital assets decreased by \$1,568,055.
- The School District had \$57,499,625 in expenses; \$23,155,156 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$35,409,052 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$44,405,094 in revenues and \$43,978,957 in expenditures. The General Fund's fund balance increased \$376,137 from 2017.

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, 2018
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 2018?" 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, 2018
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, 2018
UNAUDITED (CONTINUED)**

Table 1 provides a summary of the School District's net position for 2018 and 2017.

**Table 1
Net Position**

	<u>2018</u>	<u>2017</u>
Assets		
Current and Other Assets	\$ 15,774,530	14,905,299
Capital Assets	43,555,442	45,123,497
	<u>59,329,972</u>	<u>60,028,796</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	<u>2,577,013</u>	<u>3,802,874</u>
Liabilities		
Long-Term Liabilities	23,974,575	29,815,195
Other Liabilities	897,232	337,284
	<u>24,871,807</u>	<u>30,152,479</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	2,752,465	486,759
Gain on Refunding Bonds	<u>118,702</u>	<u>145,036</u>
	<u>2,871,167</u>	<u>631,795</u>
Net Position		
Net Investment in Capital Assets	30,578,538	29,574,945
Restricted	13,638,351	13,676,641
Unrestricted	(10,052,878)	(10,204,190)
	<u>34,164,011</u>	<u>33,047,396</u>
Total Net Position	\$ <u>34,164,011</u>	\$ <u>33,047,396</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, 2018
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal year 2018 and 2017

**Table 2
Changes in Net Position**

	2018	2017
Revenues		
Program Revenues:		
Charges for Services	\$ 12,043,867	13,491,339
Operating Grants and Contributions	11,111,289	10,809,790
General Revenues:		
Property Taxes	25,135,655	24,788,727
Grants and Entitlements	9,949,955	9,101,521
Other	375,474	355,851
Total Revenues	58,616,240	58,547,228
Program Expenses		
Instruction	37,386,840	36,742,098
Support Services:		
Tuition	246,014	391,950
Pupils and Instructional Staff	6,801,685	6,039,999
General and School Administration, Business Operations and Maintenance of Facilities	10,924,619	10,248,023
Pupil Transportation	1,278,994	994,939
Special Schools and Charter Schools	31,025	18,909
Interest on Debt	115,067	230,574
Food Service	715,381	684,952
Other		
Total Expenses	57,499,625	55,351,444
Increase in Net Position	\$ 1,116,615	3,195,784

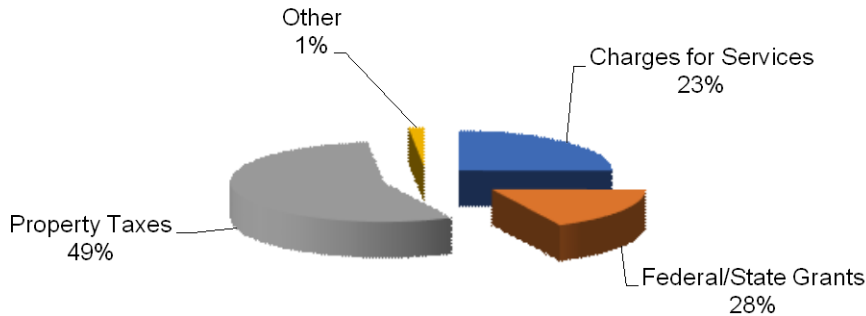
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**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

Governmental Activities

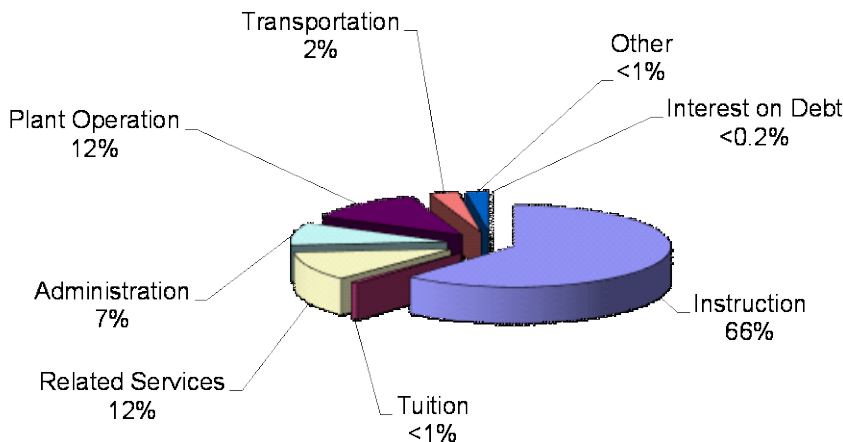
Property taxes made up 49 percent of revenues for governmental activities for the Ocean City School District for fiscal year 2018. The District's total governmental revenues were \$51,510,980 for the year ended June 30, 2018. Charges for services represents 23 percent of revenue and federal, state, and local grants accounted for another 28 percent of revenue.

Sources of Revenue 2018



The total cost of all program and services was \$56,784,244. Instruction comprises 66 percent of District expenses.

Expenses for 2018



**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
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 \$152,006.
- Charges for services represent \$344,878 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 \$220,529.

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 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 37,386,840	16,170,147	36,742,098	13,152,934
Support Services:				
Tuition	246,014	246,014	391,950	391,950
Pupils and Instructional Staff	6,801,685	6,182,939	6,848,080	6,720,567
General Administration and Business Services	1,915,192	1,763,912	1,060,394	1,060,394
School Administration	2,015,126	1,872,447	1,894,831	1,894,831
Operation of Plant	6,994,301	6,531,918	6,484,717	6,484,717
Pupil Transportation	1,278,994	1,278,994	994,939	994,939
Interest and Finance Charges	115,067	115,067	230,574	230,574
Other	31,025	31,025	18,909	18,909
Total Expenses	<u>\$ 56,784,244</u>	<u>34,192,463</u>	<u>54,666,492</u>	<u>30,949,815</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, 2018
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 \$51,510,980 and expenditures were \$51,086,103. The net increase in fund balance of operations for the year was \$374,877.

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, 2018, 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 2017</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 37,265,432	77.5%	(1,293,685)	-3.4%
State Sources	9,932,520	20.7%	829,345	9.1%
Federal Sources	865,983	1.8%	(80,466)	-8.5%
Total	<u>\$ 48,063,935</u>	100.0%	<u>(544,806)</u>	-1.1%

The increase in State funding is due to increased on-behalf Contributions. The decrease in local sources is mostly due to a decrease in tuition revenue.

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**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
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, 2018, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2017	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 19,362,622	40.6%	448,515	2.4%
Undistributed expenditures	24,476,769	51.4%	1,615,007	7.1%
Capital Outlay	1,014,437	2.1%	162,546	19.1%
Special Schools & Charter Schools	31,025	0.1%	12,116	64.1%
Debt Service:				
Principal	2,255,000	4.7%	85,000	3.9%
Interest	499,205	1.0%	(69,146)	-12.2%
Total	<u>\$ 47,639,058</u>	100.0%	<u>2,254,038</u>	5.0%

Changes in expenditures were the results of varying factors. The significant change in Undistributed Expenditures is due to the new GASB 75 OPEB contribution, but it appears as both a revenue and an expense in the District's financial statements .

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 \$2,773,084 for FY 2018 and also made on-behalf TPAF post-retirements contributions for the District in the amount of \$1,791,076 and TPAF long-term disability insurance in the amount of \$3,104.
- The State of New Jersey reimbursed the District for TPAF Social Security contributions made during the school year. The amount of \$1,402,305 is reflected as both a revenue and expenditure in the District's financial statements.
- The District expended \$519,143 less than the amount originally budgeted for Health Benefits, \$136,000 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, 2018
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2018, the School District had \$43,504,107 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2018 balances compared to 2017.

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

		2018	2017
Land	\$	879,750	879,750
Land Improvements		151,554	173,577
Sites, Buildings and Building Improvements		41,761,855	43,296,643
Machinery and Equipment		710,948	707,281
Total	\$	43,504,107	45,057,251

Debt Administration

At June 30, 2018, the School District had \$12,858,201 of outstanding long term liabilities. Of this amount, \$1,442,101 is for compensated absences, and \$1,525,100 of serial bonds net of unamortized premiums on bonds issued.

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

		2018	2017
2010 General Obligation Bonds	\$	739,000	1,109,000
2014 General Obligation Bonds		1,782,000	2,032,000
2016 Refunding Bonds		7,370,000	9,005,000
Unamortized Bond Premium		1,525,100	1,863,436
Compensated Absences		1,442,101	1,394,080
Total	\$	12,858,201	15,403,516

At June 30, 2018, the School District was within its overall legal debt margin.

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.

**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

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 assets 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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 13,625,209	1,104,804	14,730,013
Receivables, Net	987,206	53,542	1,040,748
Internal Balances	1,181,514	(1,181,514)	(0)
Inventory		3,769	3,769
Capital Assets			
Land	879,750		879,750
Capital Assets being Depreciated, net	42,624,357	51,335	42,675,692
Total Assets	59,298,035	31,936	59,329,971
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	2,577,013		2,577,013
LIABILITIES			
Accounts Payable	715,977	17,792	733,769
Payable to State Government	4,937		4,937
Unearned Revenue	47,919	7,657	55,576
Accrued Interest	102,950		102,950
Noncurrent Liabilities			
Due Within One Year	2,350,000		2,350,000
Due Beyond One Year	10,508,202		10,508,202
Net Pension Liability	11,116,373		11,116,373
Total Liabilities	24,846,358	25,449	24,871,807
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	2,752,465		2,752,465
Gain on Refunding Bonds	118,702		118,702
Total Deferred Outflows of Resources	2,871,167	-	2,871,167
NET POSITION			
Net Investment in Capital Assets	30,527,203	51,335	30,578,538
Restricted for:			
Capital Projects	4,672,818		4,672,818
Other Purposes	8,965,533		8,965,533
Unrestricted (Deficit)	(10,008,030)	(44,848)	(10,052,878)
Total Net Position (Deficit)	\$ 34,157,524	6,487	34,164,011

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, 2018

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	21,969,571	5,884,909	11,698,989	6,519,462	(9,636,029)	-	(9,636,029)
Special Education	5,023,988	1,343,875		2,257,622	(4,110,241)		(4,110,241)
Other Special Instruction	2,495,962	668,535		740,620	(2,423,877)		(2,423,877)
Support Services:							
Tuition	246,014				(246,014)		(246,014)
Student & Instruction Related Services	5,079,615	1,722,070		618,746	(6,182,939)		(6,182,939)
General Administration and Business Services	940,882	318,744		89,158	(1,170,468)		(1,170,468)
School Administrative Services	1,505,041	510,085		142,679	(1,872,447)		(1,872,447)
Plant Operation and Maintenance	5,341,256	1,653,043		462,383	(6,531,916)		(6,531,916)
Pupil Transportation	1,056,835	222,159		62,122	(1,278,994)		(1,278,994)
Central Services	655,568				(593,446)		(593,446)
Unallocated Benefits	12,323,420	(12,323,420)			-		-
Charter Schools	31,025				(31,025)		(31,025)
Interest on Long-Term Debt	115,067				(115,067)		(115,067)
Total Governmental Activities	<u>56,784,244</u>	<u>-</u>	<u>11,698,989</u>	<u>10,892,792</u>	<u>(34,192,463)</u>	<u>-</u>	<u>(34,192,463)</u>
Business-Type Activities:							
Food Service	715,381	-	344,878	218,497	-	(152,006)	(152,006)
Total Business-Type Activities	<u>715,381</u>	<u>-</u>	<u>344,878</u>	<u>218,497</u>	<u>-</u>	<u>(152,006)</u>	<u>(152,006)</u>
Total Primary Government	<u>57,499,625</u>	<u>-</u>	<u>12,043,867</u>	<u>11,111,289</u>	<u>(34,192,463)</u>	<u>(152,006)</u>	<u>(34,344,469)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					22,382,710		22,382,710
Taxes Levied for Debt Service					2,752,945		2,752,945
Federal and State Aid not Restricted					9,949,955		9,949,955
Investment Earnings					3,000	2,032	5,032
Miscellaneous Income					370,442	50,000	370,442
Transfers					(50,000)		-
Special Items:							
Contributed Fixed Assets					-		-
Total General Revenues, Special Items, Extraordinary Items and Transfers					<u>35,409,052</u>	<u>52,032</u>	<u>35,461,084</u>
Change in Net Position					<u>1,216,589</u>	<u>(99,974)</u>	<u>1,116,615</u>
Net Position (Deficit) - Beginning					<u>32,940,935</u>	<u>106,461</u>	<u>33,047,396</u>
Net Position (Deficit) - Ending					<u>34,157,524</u>	<u>6,487</u>	<u>34,164,011</u>

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

FUND FINANCIAL STATEMENTS

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

OCEAN CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 13,494,827			130,382	13,625,209
Due from Other Funds	1,361,602				1,361,602
Receivables from Other Governments	693,417	292,231			985,648
Other Receivables	1,558				1,558
Total Assets	15,551,404	292,231	-	130,382	15,974,017
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	656,690	59,287			715,977
Due to Other Funds		180,088			180,088
Payable to State Government		4,937			4,937
Unearned Revenue		47,919			47,919
Total Liabilities	656,690	292,231	-	-	948,921
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	929,587				929,587
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	1,943,098				1,943,098
Capital Projects Fund			-		-
Debt Service				-	-
Committed to:					
Capital Reserve	4,672,818				4,672,818
Maintenance Reserve	2,543,684				2,543,684
Tuition Reserve	3,100,000				3,100,000
Emergency Reserve	421,732				421,732
Assigned to:					
Designated for					
Subsequent Year's Expenditures	28,775			130,382	159,157
Other Purposes	674,993				674,993
Unassigned					-
General Fund	580,027				580,027
	14,894,714	-	-	130,382	15,025,096
Total Liabilities and Fund Balances	15,551,404	292,231	-	130,382	

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 \$67,662,289 and the accumulated depreciation is \$24,158,182.	43,504,107
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.	(118,702)
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(102,950)
Pension Liabilities Net of Deferred Outflows & Inflows	(11,291,825)
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.	(12,858,202)
Net Position of governmental activities	<u>34,157,524</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, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 22,382,710	-	2,752,945	25,135,655
Tuition Charges	11,698,989			11,698,989
Interest Earned on Investments	3,000			3,000
Miscellaneous	370,442	57,346		427,788
Total Local Sources	34,455,141	57,346	2,752,945	37,265,432
State Sources	9,926,782	5,738		9,932,520
Federal Sources	23,171	842,812		865,983
Total Revenues	44,405,094	905,896	2,752,945	48,063,935
EXPENDITURES				
Current:				
Regular Instruction	14,423,227			14,423,227
Special Education Instruction	2,531,867	768,841		3,300,708
Other Special Instruction	1,638,687			1,638,687
Support Services:				
Tuition	246,014			246,014
Student & Instruction Related Serv.	4,084,018	137,055		4,221,073
General Administrative Services	781,971			781,971
School Administrative Services	1,250,737			1,250,737
Plant Operation and Maintenance	4,051,877			4,051,877
Pupil Transportation	1,056,835			1,056,835
Central Services	544,842			544,842
Unallocated Employee Benefits	12,323,420			12,323,420
Transfer to Charter School	31,025			31,025
Debt Service:				
Principal			2,255,000	2,255,000
Interest and Other Charges			499,205	499,205
Capital Outlay	1,014,437	-		1,014,437
Total Expenditures	43,978,957	905,896	2,754,205	47,639,058
Excess (Deficiency) of Revenues Over Expenditures	426,137	-	(1,260)	424,877
OTHER FINANCING SOURCES (USES)				
Cancellation of Prior Year Grant				-
Transfer in	-		-	-
Transfer out	(50,000)			(50,000)
Total Other Financing Sources and Uses	(50,000)	-	-	(50,000)
Net Changes in Fund Balance	376,137	-	(1,260)	374,877
Fund Balance - July 1	14,518,577	-	131,642	14,650,219
Fund Balance - June 30	\$ 14,894,714	-	130,382	15,025,096

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, 2018

Total Net Change in Fund Balance - Governmental Funds (from B-2)		374,877
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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.</p>		
Depreciation expense	(1,820,327)	
Capital Outlay	267,182	(1,553,145)
<p>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.</p>		
		2,255,000
<p>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.</p>		
Amortization of Bond Premium	338,336	
Amortization of Gain on Refunding Bonds	26,334	364,670
<p>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.</p>		
District pension contributions - PERS	442,390	
Cost of benefits earned net of employee contributions	(638,650)	(196,260)
<p>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.</p>		
		(48,021)
<p>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.</p>		
		19,468
Change in Net Position of Governmental Activities		1,216,589

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, 2018

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	1,104,804	1,104,804
Intergovernmental Accounts Receivable	53,542	53,542
Inventories	3,769	3,769
	<u>1,162,115</u>	<u>1,162,115</u>
Total Current Assets		
Noncurrent Assets:		
Furniture, Machinery & Equipment	234,654	234,654
Less: Accumulated Depreciation	(183,319)	(183,319)
Total Noncurrent Assets	<u>51,335</u>	<u>51,335</u>
	<u>1,213,450</u>	<u>1,213,450</u>
Total Assets		
LIABILITIES		
Current Liabilities:		
Accounts Payable	17,792	17,792
Interfund Payable	1,181,514	1,181,514
Unearned Revenue	7,657	7,657
	<u>1,206,963</u>	<u>1,206,963</u>
Total Current Liabilities		
NET POSITION		
Net Investment in Capital Assets		
Related Debt	51,335	51,335
Unrestricted	(44,848)	(44,848)
	<u>6,487</u>	<u>6,487</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, 2018

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
Operating Revenues:		
Charges for Services:		
Reimbursable Program Daily Sales	\$ 143,677	143,677
Other Daily Sales	181,042	181,042
Special Functions	17,508	17,508
Vending Machine Commissions	2,651	2,651
	<u>344,878</u>	<u>344,878</u>
Total Operating Revenue		
Operating Expenses:		
Cost of Sales-Reimbursable	135,019	135,019
Cost of Sales- Non Reimbursable	32,174	32,174
Salaries and Benefits	460,308	460,308
Direct Costs	41,778	41,778
Administration Fee	15,313	15,313
Management Fee	6,125	6,125
Depreciation	14,912	14,912
Miscellaneous	9,752	9,752
	<u>715,381</u>	<u>715,381</u>
Total Operating Expenses	715,381	715,381
Operating (Loss)	(370,503)	(370,503)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	4,438	4,438
Federal Sources:		
National School Lunch Program	167,877	167,877
School Breakfast Program	21,272	21,272
Food Distribution Program	24,910	24,910
Interest and Investment Income	2,032	2,032
	<u>220,529</u>	<u>220,529</u>
Total Nonoperating Revenues (Expenses)	220,529	220,529
Income (Loss) before Contributions & Transfers	(149,974)	(149,974)
Fixed Asset Contributions		-
Transfers In (Out)	50,000	50,000
	<u>(99,974)</u>	<u>(99,974)</u>
Changes in Net Position	(99,974)	(99,974)
Total Net Position - Beginning	106,461	106,461
Total Net Deficit - Ending	<u>\$ 6,487</u>	<u>6,487</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, 2018

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Other Income	346,612	346,612
Payments for Food and Supplies	(211,668)	(211,668)
Payments for Employees and Benefits	(181,591)	(181,591)
Net Cash Provided by Operating Activities	<u>(46,647)</u>	<u>(46,647)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	4,269	4,269
Federal Sources	198,724	198,724
Interfunds	50,000	50,000
Net Cash Provided by Noncapital Financing Activities	<u>252,993</u>	<u>252,993</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and Dividends	2,032	2,032
Net Cash Provided by Investing Activities	<u>2,032</u>	<u>2,032</u>
Net Increase in Cash and Cash Equivalents	208,378	208,378
Balance - Beginning of Year	896,426	896,426
Balance - End of Year	<u>1,104,804</u>	<u>1,104,804</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income	(370,503)	(370,503)
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	32,898	32,898
(Increase) Decrease in Inventories	638	638
Increase (Decrease) in Accounts Payable	(5,043)	(5,043)
Increase (Decrease) in Unearned Revenue	1,733	1,733
Increase (Decrease) in Interfunds	278,718	278,718
Total Adjustments	<u>323,856</u>	<u>323,856</u>
Net Cash Provided by (Used for) Operating Activities	<u>(46,647)</u>	<u>(46,647)</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, 2018

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 375,710	82,487	343,693
Investments, at Fair Value:			
Certificates of Deposit	-	-	31,658
Total Investments	-	-	31,658
Interfund Receivable	-	-	-
Total Assets	375,710	82,487	375,351
LIABILITIES			
Accounts Payable	1,317		
Payable to Student Groups			297,440
Payroll Deductions and Withholdings			77,911
Total Liabilities	1,317	-	375,351
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ 374,393		
Reserved for Scholarships		82,487	

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, 2018

	Unemployment Compensation	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan Member	39,695	-
Other		114,640
Total Contributions	39,695	114,640
Investment Earnings:		
Interest	391	165
Total Additions	40,086	114,805
DEDUCTIONS		
Unemployment Claims	12,173	-
Annual Assessment	759	
Scholarships Awarded	-	108,075
Total Deductions	12,932	108,075
Changes in Net Position	27,154	6,730
Net Position - Beginning of the Year	347,239	75,757
Net Position - End of the Year	374,393	82,487

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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 and Longport, Upper Township and Longport are 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, 2018 of 2,130 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, 2018**

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, 2018**

- 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, 2018**

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, 2018**

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, 2018, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	2,872
Supplies		897
	\$	<u>3,769</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, 2018 is \$0.

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 Assets	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, 2018**

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, 2018**

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

Regular Programs-Instruction	
Grades 1-5 - Salaries of Teachers	74,600
Grades 9-12- Salaries of Teachers	(95,275)
Cleaning, Repair and Maintenance Services	
Regular Programs-Undistributed Instruction	
General Supplies	205,266
Undistributed Expend.- Speech, PT, OT & Related Services	
Purchased Professionals- Educational Services	71,816
Unallocated Benefits-Employee Benefits	
Health Benefits	(136,000)
Facilities Acquisition and Construction Services	
Construction Services	(82,700)
Supplies & Materials	119,000

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 2017/18 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, 2018**

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

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 “Leases”. This statement, which is effective for reporting periods beginning after December 15, 2019, may have an effect on the District’s financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements”. This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District’s financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”. This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District’s financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61”. This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District’s financial reporting.

NOTE 2 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The district’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2018, \$912,923 of the District’s bank balance of \$16,351,960 was exposed to custodial credit risk.

NOTE 3 - INVESTMENTS

As of June 30, 2018, the District had the following investments:

	Maturities	Fair Value
Certificate of Deposit	January 9, 2019	\$ 13,988
Certificate of Deposit	November 26, 2018	17,670
Total		<u>\$ 31,658</u>

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018, consisted of accounts (extraordinary services), interfund, intergovernmental, and other revenues. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State Aid	\$ 985,648	1,040,748
Due from Other Funds	1,386,102	
Other	1,558	
Gross Receivables	<u>2,373,308</u>	<u>1,040,748</u>
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 2,373,308</u>	<u>1,040,748</u>

NOTE 5 – INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,386,102	
Special Revenue Fund		(154,588)
Food Service Fund		(1,231,514)
	<u>\$ 1,386,102</u>	<u>(1,386,102)</u>

The general fund receivable is comprised of three interfunds. The first is due from the special revenue fund in the amount of \$154,588 which is a result of the general fund paying expenses for the special revenue fund. The second interfund of \$1,231,514 owed to the General Fund from the Food Service Fund for expenses paid by the general fund on behalf of the food service fund.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, 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	3,064,719	267,182	(7,600)	3,324,301
Total capital assets being depreciated at historical cost	<u>66,522,957</u>	<u>267,182</u>	<u>(7,600)</u>	<u>66,782,539</u>
Less accumulated depreciation for:				
Land Improvements	(381,495)	(22,023)		(403,518)
Buildings and improvements	(19,606,523)	(1,534,788)		(21,141,311)
Equipment	(2,357,437)	(263,516)	7,600	(2,613,353)
Total capital assets being depreciated, net of accumulated depreciation	<u>(22,345,455)</u>	<u>(1,820,327)</u>	<u>7,600</u>	<u>(24,158,182)</u>
Governmental activity capital assets, net	<u>45,057,252</u>	<u>(1,553,145)</u>	<u>-</u>	<u>43,504,107</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	234,654		-	234,654
Less accumulated depreciation	(168,408)	(14,912)	-	(183,320)
Enterprise Fund capital assets, net	<u>66,246</u>	<u>(14,912)</u>	<u>-</u>	<u>51,334</u>
Grand Total	<u>\$ 45,123,498</u>	<u>(1,568,057)</u>	<u>-</u>	<u>43,555,441</u>

Depreciation expense was charged to governmental functions:

Regular Instruction	\$ 1,003,950
Special Education Instruction	229,262
Other Special Instruction	114,050
Student and Instruction Related Services	293,781
School Administrative Services	87,019
General and Business Administrative Services	54,377
Central Services	37,888
	<u>\$ 1,820,327</u>

No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$499,205, for the entity wide statements this was modified by the change in accrued interest of \$19,468; an amortization of premium on bond sale of (\$338,336); an amortization of gain on refunding \$26,334 and the state charge back to the District for debt service aid of \$150,466 for a total charge of \$134,535.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	Balance July 1, 2017	Issues or Additions	Payments or Expenditures	Balance June 30, 2018	Amounts Due Within One Year
Compensated Absences	\$ 1,394,080			1,394,080	
Bonds Payable	12,146,000		2,255,000	9,891,000	2,350,000
Net Pension Liability	14,411,680	(2,852,917)	442,390	11,116,373	
Unamortized Costs:					
Bond Premiums	1,863,437		338,336	1,525,101	
	<u>\$ 29,815,197</u>	<u>(2,852,917)</u>	<u>3,035,726</u>	<u>23,926,554</u>	<u>2,350,000</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, 2018 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, 2018 is \$739,000.

\$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, 2018 is \$1,782,000.

\$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, 2018 is \$7,370,000.

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, 2018 is \$26,334 and the remaining deferred inflow of resources is \$118,702.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Debt service requirements on serial bonds payable at June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	315,000	14,670	329,670
2024	337,000	7,583	344,583
	\$ 9,891,000	1,097,408	10,988,408

NOTE 8 – OPERATING LEASES

The District has commitments to lease certain office equipment under operating leases that expire in fiscal year 2018. Total operating lease payments made during the year ended June 30, 2018 were \$47,087. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2018	44,366
2019	44,366
2020	44,366
2021	35,373
Total future minimum lease payments	\$ 168,471

NOTE 9 – UNEARNED REVENUE

The District has unearned revenue reflected on the Statement of Net Position in the District-Wide Financial Statements of \$81,076. This consists of unearned revenue of \$73,419 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 \$7,657 in the food service fund for student meals prepaid.

NOTE 10 – PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts/achive.htm>.

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Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District has no employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2018.

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, 2018, 2017 and 2016 were \$1,402,305, \$1,381,791 and \$1,383,292 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, 2018, 2017 and 2016 were \$449,645, \$434,893 and \$428,403 respectively, equal to the required contributions for each year.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The Board's total payroll for the year ended June 30, 2018 was \$22,971,798. The TPAF covered payroll was \$19,405,802 and the PERS covered payroll was \$3,565,996. Information for prior years was not available.

During the fiscal years ended June 30, 2018, 2017 and 2016, the State of New Jersey contributed \$1,791,076, \$1,727,596 and \$1,781,747, 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 \$2,773,084, \$2,073,379, and \$1,496,357, 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 \$3,104 for long-term disability insurance contribution in 2018. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB standards.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

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

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

**OCEAN CITY SCHOOL DISTRICT
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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.

- 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, 2018, the District reported a liability of \$11,116,373 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was .04775402060%, which was a decrease of 1.86% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District recognized pension expense of \$638,650. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 261,752	
Changes of assumptions	2,239,566	(2,231,355)
Net difference between projected and actual earnings on pension plan investments	75,695	
Changes in proportion and differences between District contributions and proportionate share of contributions		(521,110)
District contributions subsequent to the measurement date	442,390	
Total	<u>\$ 3,019,403</u>	<u>(2,752,465)</u>

\$442,390 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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,	
2019	\$ (139,585)
2020	(202,796)
2021	(120,460)
2022	161,048
2023	126,341
Total	<u>(175,452)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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 2013

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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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.50%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average

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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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017, 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:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 13,336,964	11,116,373	9,268,742.07

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, 2018, 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>124,283,696</u>
Total	<u>124,283,696</u>

The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2016.

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For the year ended June 30, 2018, the District recognized pension expense of \$8,609,745 and revenue of \$8,609,745 for support provided by the State. At June 30, 2017, 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	\$ 813,121	(212,685)
Changes of assumptions	24,660,488	(21,539,005)
Net difference between projected and actual earnings on pension plan investments	629,510	
Changes in proportion and differences between District contributions and proportionate share of contributions	3,212,731	
District contributions subsequent to the measurement date	2,069,892	
	<u>31,385,742</u>	<u>(21,751,690)</u>
Total	<u>\$ 31,385,742</u>	<u>(21,751,690)</u>

\$2,069,892 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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,	
2019	\$ 2,372,263
2020	3,767,117
2021	3,149,837
2022	1,766,051
2023	2,002,200
Thereafter	<u>(5,493,308)</u>
Total	<u>7,564,160</u>

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

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Inflation Rate	2.25%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return.</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging market equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%

Discount rate. The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds

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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 contributed 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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 4.25% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.25%) or 1-percentage point higher (5.25%) than the current rate:

	1% Decrease (3.25)	Current Discount Rate (4.25%)	1% Increase (5.25%)
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 – OTHER POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 53, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Employees covered by benefit terms:

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate used for the fiscal year ending June 30, 2017 is 3.58%.

Health Care Trend: For pre-Medicare PPO medical benefits, the initial amount is 5.9% and decreases to 5.0% long term trend rate after 9 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after 9 years. For prescription drug benefits, the initial trend rate is 10/5% decreasing to a 5.0% long-term trend rate after 8 years. For Medicare Part-B reimbursement, the trend rate is 5.0%.

Salary Scale: The salary scale assumptions will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree health contributions for current and future retirees who are subject to Chapter 78. The PERS and TPAF pension actuarial reports are used for the fiscal year ending June 30, 2018.

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

Mortality rates were based on the following:

Pre-retirement Healthy Mortality: RP-2014 headcount-weighted healthy employee male/female mortality table with fully generational mortality improvement projections from the central year using scale MP-2017.

Post-retirement Healthy Mortality: RP-2014 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Disabled Mortality: RP-2014 headcount-weighted disabled male/female mortality table with fully generational improvement projections from the central year using scale MP-2017

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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

Balance at 6/30/16	\$ 57,831,784,184.00
Changes for the year:	
Service cost	2,391,878,884.00
Interest	1,699,441,736.00
Changes in assumptions or other inputs	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Benefit payments	<u>(1,242,412,566.00)</u>
Net changes	<u>(4,191,942,326.00)</u>
Balance at 6/30/17	<u><u>\$ 53,639,841,858.00</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate:

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

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB Liability (School Retirees)	63,674,362,200.00	53,639,841,858.00	45,680,364,953.00

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	44,113,584,560.00	53,639,841,858.00	66,290,599,457.00

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

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$5,238,121 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	
Changes of assumptions		6,343,769,032
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	<u>1,190,373,242</u>	
Total	<u>\$ 1,190,373,242</u>	<u>6,343,769,032</u>

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

Year ended June 30,	
2019	\$ (742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
2023	(742,830,097.00)
Thereafter	<u>(2,629,618,547.00)</u>
Total	<u>\$ (6,343,769,032.00)</u>

(Contributions made after June 30, 2017 are reported as deferred outflow of resources but are not amortized in the expense.)

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

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, 2018, no liability existed for compensated absences in the Food Service Enterprise Fund.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 15 – DEFERRED COMPENSATION

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

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

NOTE 16 – CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-2.13(g) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve account for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017		\$	4,871,818
Deposits			
Interest earned	\$	1,000	
Board Resolution - June		925,000	
			<u>926,000</u>
Withdrawals:			
Withdrawal by Budget			<u>(1,125,000)</u>
Ending balance, June 30, 2018		\$	<u>4,672,818</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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

The activity of the Maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 2,442,684
Interest earned	1,000
Excess Surplus Transfer by	
Board Resolution	350,000
Withdrawal by Budget	<u>(250,000)</u>
Ending balance, June 30, 2018	<u><u>\$2,543,684</u></u>

NOTE 18 – TUITION RESERVE ACCOUNT

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

The activity of the tuition reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 1,700,000
Excess Surplus Transfer by	
Board Resolution	1,900,000
Withdrawal by Budget	<u>(500,000)</u>
Ending balance, June 30, 2018	<u><u>\$3,100,000</u></u>

Of the balance of \$3,100,000 in the reserve; \$1,900,000 is appropriated for tuition adjustments in the FY 2019 district budget and \$1,200,000 is available to be appropriated in the FY 2018 budget for tuition adjustments.

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 557,000
Interest earned	1,000
Excess Surplus Transfer by	
Board Resolution	13,732
Withdrawal by Budget	<u>(150,000)</u>
Ending balance, June 30, 2018	<u><u>\$421,732</u></u>

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 674,994
Special Revenue Fund - Encumbered Orders	20,596
	\$ 695,590

Of the general fund encumbrances, \$275,497 is for capital outlay.

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:

Fiscal Year	Employee Contributions	Interest on Investments	Amount Reimbursed	Ending Balance
2017-2018	\$ 39,695	391	12,932	374,393
2016-2017	33,337	267	23,400	347,239
2015-2016	4,875	271	47,776	337,035

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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 23 – FUND BALANCE APPROPRIATED

General Fund – Of the \$15,225,899 General Fund fund balance, at June 30, 2018, \$674,993 is reserved for encumbrances; \$1,943,098 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$929,587 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018), \$4,672,818 has been reserved in the Capital Reserve Account; \$2,543,684 has been reserved in a Maintenance Reserve Account; \$3,100,000 has been reserved in a Tuition Reserve Account; \$421,732 has been reserved in an Emergency Reserve Account; and \$911,722 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, 2018 is \$2,872,685, of which \$1,943,098 has been included in the 2019 fiscal year budget.

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, 2018 through January 25, 2019, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

Budgetary Comparison Schedules

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 22,382,710		22,382,710	22,382,710	-
Tuition	11,698,989		11,698,989	11,698,989	-
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	370,442	270,442
Total Local Sources	34,184,699	-	34,184,699	34,455,141	270,442
State Sources:					
Categorical Special Education Aid	667,169		667,169	684,538	17,369
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			-	144,644	144,644
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			-	6,380	6,380
TPAF Pension (On-Behalf - Non-Budgeted)			-	2,773,084	2,773,084
TPAF Post-retirement (On-Behalf - Non-Budgeted)			-	1,791,076	1,791,076
TPAF Long Term Disability Insurance			-	3,104	3,104
TPAF Social Security (Reimbursed- Non-Budgeted)			-	1,402,305	1,402,305
Total State Sources	3,787,076	-	3,787,076	9,925,038	6,137,962
Federal Sources:					
Medicaid Reimbursement	23,648		23,648	23,171	(477)
Total Federal Sources	23,648	-	23,648	23,171	(477)
Total Revenues	37,995,423	-	37,995,423	44,403,350	6,407,927

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018**

	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	332,335		332,335	289,398	42,937
Grades 1 - 5 Salaries of Teachers	2,834,039	74,600	2,908,639	2,798,753	109,886
Grades 6 - 8 Salaries of Teachers	2,207,588	1,000	2,208,588	2,138,346	70,242
Grades 9 - 12 Salaries of Teachers	8,286,676	(95,275)	8,191,401	7,961,182	230,219
Regular Programs - Home Instruction					
Salaries of Teachers	115,000	(10,000)	105,000	53,103	51,897
Purchased Professional - Educational Services	40,000	26,000	66,000	64,967	1,033
Other Purchased Services (400-500 series)	5,000		5,000	3,570	1,430
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	3,500	2,500	6,000	5,915	85
Purchased Technical Services	121,655	15,810	137,465	135,632	1,833
Other Purchased Services (400-500 series)	203,824	(18,400)	185,424	60,236	125,188
General Supplies	934,029	205,266	1,139,295	841,384	297,911
Textbooks	97,309	(175)	97,134	69,926	27,208
Other Objects	10,975		10,975	815	10,160
TOTAL REGULAR PROGRAMS - INSTRUCTION	15,191,930	201,326	15,393,256	14,423,227	970,029
SPECIAL EDUCATION - INSTRUCTION					
Learning and or Language Disabilities					
Salaries of Teachers	213,186	1,500	214,686	214,492	194
Other Salaries for Instruction	43,757	3,000	46,757	2,573	44,184
General Supplies	10,000		10,000	10,000	-
Total Learning and or Language Disabilities	266,943	4,500	271,443	227,065	44,378

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Behavioral Disabilities					
Salaries of Teachers	112,563		112,563	110,778	1,785
Other Salaries for Instruction	21,278		21,278	21,068	210
General Supplies	500		500	368	132
Total Behavioral Disabilities	134,341	-	134,341	132,214	2,127
Multiple Disabilities					
Salaries of Teachers	312,282	2,000	314,282	313,335	947
Other Salaries for Instruction	102,283	500	102,783	31,346	71,437
General Supplies	3,266		3,266	3,061	205
Total Multiple Disabilities	417,831	2,500	420,331	347,742	72,589
Resource Room/Resource Center					
Salaries of Teachers	1,746,275	(24,000)	1,722,275	1,718,693	3,582
Other Salaries for Instruction	6,000	17,000	23,000	21,068	1,932
General Supplies	5,198		5,198	4,877	321
Total Resource Room/Resource Center	1,757,473	(7,000)	1,750,473	1,744,638	5,835
Preschool Disabilities - Part-Time					
Salaries of Teachers	96,361		96,361	79,982	16,379
Other Salaries for Instruction	28,593		28,593		28,593
General Supplies	1,800		1,800	226	1,574
Total Preschool Disabilities - Part-Time	126,754	-	126,754	80,208	46,546
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,703,342	-	2,703,342	2,531,867	171,475
Basic Skills/Remedial - Instruction					
Salaries of Teachers	305,655	(40,000)	265,655	195,321	70,334
Total Basic Skills/Remedial - Instruction	305,655	(40,000)	265,655	195,321	70,334
Bilingual Education - Instruction					
Salaries of Teachers	147,361		147,361	147,314	47
General Supplies	3,200		3,200	3,200	-
Total Bilingual Education - Instruction	150,561	-	150,561	150,514	47

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Cocurricular Activities - Instruction					
Salaries	206,200	3,000	209,200	207,128	2,072
Supplies & Materials	2,400	(2,000)	400	128	272
Transfers to Cover Deficit (Agency Funds)	54,000	(1,000)	53,000	37,828	15,172
Total School-Spon. Cocurricular Activities - Inst.	262,600	-	262,600	245,084	17,516
School-Spon. Cocurricular Athletics - Instruction					
Salaries	480,089	14,750	494,839	493,472	1,367
Other Purchased Services (400-500 series)	157,405	(14,750)	142,655	102,504	40,151
Supplies & Materials	132,400	20,546	152,946	122,808	30,138
Other Objects	8,500		8,500	7,992	508
Transfers to Cover Deficit (Agency Funds)	76,510		76,510	64,899	11,611
Total School-Spon. Cocurricular Athletics - Inst.	854,904	20,546	875,450	791,675	83,775
Other Instructional Programs - Instruction					
Other Purchased Services (400-500 series)	1,425		1,425		1,425
Supplies & Materials	3,000		3,000	2,500	500
Other Objects	439		439		439
Total Other Instructional Programs - Instruction	4,864	-	4,864	2,500	2,364
Alternative Education Program- Instruction					
Salaries of Teacher	300,802		300,802	253,593	47,209
Total Alternative Education Program-Instructional	300,802	-	300,802	253,593	47,209
TOTAL INSTRUCTION	19,774,658	181,872	19,956,530	18,593,781	1,362,749

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	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	63,673	(12,116)	51,557	10,250	41,307
Tuition to Other LEAs Within the State-Special	60,000		60,000		60,000
Tuition to County Voc. School Dist. - Regular	19,687		19,687	19,687	-
Tuition to CSSD & Regional Day Schools	265,000		265,000	182,941	82,059
Tuition to Private Schools for the Disabled - Within State	121,667		121,667	184	121,483
Tuition to State Facilities	32,952		32,952	32,952	-
Total Undistributed Expenditures - Instruction	562,979	(12,116)	550,863	246,014	304,849
Undistributed Expend. - Attend. & Social Worker Salaries	73,846		73,846	73,807	39
Purchased Professional and Technical Services	72,000	10,400	82,400	82,398	2
Total Undist. Expend. - Attend. & Social Worker	145,846	10,400	156,246	156,205	41
Undistributed Expend. - Health Services					
Salaries	302,371	40,000	342,371	323,019	19,352
Purchased Professional and Technical Services	15,000		15,000	14,400	600
Other Purchased Services (400-500 series)	1,000		1,000	195	805
Supplies & Materials	9,750		9,750	5,267	4,483
Other Objects	1,000		1,000	380	620
Total Undistributed Expend. - Health Services	329,121	40,000	369,121	343,261	25,860
Undist. Expend. - Speech, PT, OT & Related Services					
Salaries	188,155	(6,990)	181,165	181,148	17
Purchased Professionals - Educational Services	168,000	71,816	239,816	239,815	1
Supplies & Materials	2,718	(2,102)	616	536	80
Total Undist. Expend.-Speech, PT, OT & Rel. Svces	358,873	62,724	421,597	421,499	98

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	279,316	(62,326)	216,990	190,683	26,307
Purchased Professional-Educational Services	25,000		25,000		25,000
Total Undist. Expend. - Other Support Services	5,000		5,000	42	4,958
Students - Extraordinary Services	309,316	(62,326)	246,990	190,725	56,265
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	828,042	30	828,072	820,491	7,581
Salaries of Secretarial and Clerical Assistants	103,718		103,718	96,951	6,767
Other Purchased Services (400-500 series)	38,800	29	38,829	35,224	3,605
Supplies & Materials	9,550	1,627	11,177	9,275	1,902
Other Objects	1,250	(895)	355		355
Total Undistributed Expend. - Guidance	981,360	791	982,151	961,941	20,210
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	677,365	(31,160)	646,205	622,636	23,569
Salaries of Secretarial and Clerical Assistants	135,550	1,265	136,815	136,810	5
Purchased Professional - Education Services	87,200	7,145	94,345	93,437	908
Other Purchased Prof. And Tech. Services	18,500	7,500	26,000	25,907	93
Miscellaneous Purchased Services (400-500 series)	17,000	(7,500)	9,500	4,306	5,194
Supplies & Materials	17,475		17,475	12,191	5,284
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Child Study Teams	954,090	(22,750)	931,340	895,287	36,053
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisor of Instruction	119,500	3,000	122,500	122,300	200
Salaries of Secr and Clerical Assist.	39,377	(3,000)	36,377	24,574	11,803
Other Salaries	30,000		30,000	9,804	20,196
Other Purch Prof. and Tech. Services	36,105	(10,400)	25,705	16,003	9,702
Other Purchased Services (400-500 series)	500		500		500
Supplies & Materials	3,000		3,000	956	2,044
Other Objects	2,500		2,500	1,930	570
Total Undist. Expend. - Improvement of Inst. Serv.	230,982	(10,400)	220,582	175,567	45,015

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	689,138	85	689,223	656,067	33,156
Purchased Professional and Technical Services	83,800		83,800	72,003	11,797
Other Purchased Services (400-500 series)	400		400	400	-
Supplies & Materials	52,705	(85)	52,620	44,906	7,714
Other Objects	2,500		2,500	259	2,241
Total Undistributed Expenditures - Educational Media Services - School Library	828,543	-	828,543	773,635	54,908
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors Inst.	119,500	2,325	121,825	121,810	15
Purchased Professional - Educational Services	95,000	(200)	94,800	33,875	60,925
Other Purchased Services (400-500 series)	19,450	(2,125)	17,325	10,013	7,312
Supplies and Materials	1,000		1,000	200	800
Total Undistributed Expenditures - Instructional Staff Training Services	234,950	-	234,950	165,898	69,052
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	241,668	19,000	260,668	243,834	16,834
Legal Services	150,000	10,000	160,000	154,948	5,052
Audit Fees	30,000		30,000	23,900	6,100
Architectural/Engineering Services	44,000	(9,425)	34,575	8,701	25,874
Other Purchased Professional Services	48,084	(35,200)	12,884	5,575	7,309
Purchased Technical Services	13,750	1,285	15,035	15,035	-
Communications/Telephone	162,000	6,200	168,200	168,104	96
BOE Other Purchased Services	7,150		7,150	6,253	897
Admin/Equipment Leases	3,000		3,000	2,815	185
Insurance Premiums	50,000	360	50,360	50,350	10
Other Purchased Services (400-500 series)	62,000	5,000	67,000	65,529	1,471
Travel	2,500		2,500	2,299	201
General Supplies	8,000		8,000	7,442	558
BOE In-house Train/Meeting Supplies	500		500		500
Judgments Against the School	5,000	(300)	4,700		4,700
Miscellaneous Expenditures	5,000	3,080	8,080	8,062	18
BOE Membership Dues/Fees	19,500		19,500	19,124	376
Total Undistr. Expend. - Support Svs - Gen.Admin.	852,152	-	852,152	781,971	70,181

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018**

	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.	888,058	8,000	896,058	894,919	1,139
Salaries of Secretarial Asst.	265,936	17,000	282,936	273,957	8,979
Purchased Professional and Technical Services	1,000		1,000		1,000
Other Purchased Services (400-500 series)	41,200		41,200	23,551	17,649
Supplies and Materials	57,728	679	58,407	53,982	4,425
Other Objects	5,800		5,800	4,328	1,472
Total Undistributed Expenditures - Support Services - School Administration	1,259,722	25,679	1,285,401	1,250,737	34,664
Undist. Expend. - Central Services					
Salaries	462,933		462,933	462,496	437
Purchased Professional Services	21,065		21,065	17,485	3,580
Purchased Technical Services	20,400		20,400	15,262	5,138
Miscellaneous Purchased Services	20,500		20,500	5,409	15,091
Supplies and Materials	10,000		10,000	4,472	5,528
Miscellaneous Expenditures	4,200		4,200	2,595	1,605
Total Undistributed Expenditures - Central Services	539,098	-	539,098	507,719	31,379
Undist. Expend. - Admin Info Tech.					
Salaries	100,000		100,000		100,000
Purchased Technical Services	54,850		54,850	34,387	20,463
Other Purchased Services (400-500 series)	400		400		400
Supplies and Materials	15,000		15,000	2,736	12,264
Total Undistributed Expenditures - Admin Info. Tech.	170,250	-	170,250	37,123	133,127
Undist. Expend. - Required Maint. School Fac.					
Salaries	293,006	7,900	300,906	295,843	5,063
Cleaning, Repair and Maintenance Services	531,965	22,695	554,660	294,140	260,520
General Supplies	184,200	6,199	190,399	145,865	44,534
Other Objects	2,580		2,580	780	1,800
Total Undistributed Expenditures - Required Maintenance for School Facilities	1,011,751	36,794	1,048,545	736,628	311,917

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Custodial Services					
Salaries	1,222,145	-	1,222,145	1,188,017	34,128
Salaries - Non- Instructional Aides	125,872		125,872	117,373	8,499
Purchased Professional and Technical Services	67,120	(10,000)	57,120	54,641	2,479
Cleaning, Repair and Maintenance Services	81,864	(35,980)	45,884	43,969	1,915
Rental of Land and Buildings	1,500		1,500	616	884
Other Purchased Property Services	110,560	(23,700)	86,860	86,562	298
Insurance	241,754	7,800	249,554	248,475	1,079
Miscellaneous Purchased Services	8,500	(5,000)	3,500	2,075	1,425
General Supplies	140,100	19,031	159,131	144,577	14,554
Energy (Electricity)	910,874	22,500	933,374	829,832	103,542
Other Objects	5,500		5,500	2,331	3,169
Energy (Natural Gas)	224,534	48,000	272,534	268,969	3,565
Total Undistributed Expenditures - Custodial Services	<u>3,140,323</u>	<u>22,651</u>	<u>3,162,974</u>	<u>2,987,437</u>	<u>175,537</u>
Undist. Expend- Care & Upkeep of Grounds					
Salaries	113,284		113,284	104,132	9,152
Cleaning, Repair, and Maintenance Services	52,800		52,800	25,592	27,208
General Supplies	45,000	1,599	46,599	44,681	1,918
Total Care and Upkeep of Grounds	<u>211,084</u>	<u>1,599</u>	<u>212,683</u>	<u>174,405</u>	<u>38,278</u>
Undist. Expend. - Security					
Salaries	139,885		139,885	137,834	2,051
Purchased Professional and Technical Services	27,000	10,485	37,485	11,175	26,310
General Supplies	25,000		25,000	4,398	20,602
Total Security	<u>191,885</u>	<u>10,485</u>	<u>202,370</u>	<u>153,407</u>	<u>48,963</u>
Total Undistributed Expenditures Operations and Maintenance of Plant	<u>4,555,043</u>	<u>71,529</u>	<u>4,626,572</u>	<u>4,051,877</u>	<u>574,695</u>

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	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)	46,521		46,521	20,840	25,681
Contracted Services (Bet. Home & School)- Vendors	596,755	6,500	603,255	586,450	16,805
Contracted Services - (Other than Home & Sch)-Ven.	210,960	(13,350)	197,610	185,021	12,589
Contr. Serv. - (Spc Ed. Students) - Vendors	231,820	4,000	235,820	235,608	212
Contr. Serv. - (Spc Ed. Students) - Joint Agrmt	25,000		25,000	7,088	17,912
Contr. Serv. - Aid in Lieu Payments - NonPub Sch	9,000	2,850	11,850	11,828	22
Transportation Supplies	10,000		10,000	10,000	-
Total Undistributed Expenditures - Student Transportation Services	1,130,056	-	1,130,056	1,056,835	73,221
Unallocated Benefits - Employee Benefits					
Social Security Contribution	481,470		481,470	382,552	98,918
Other Retirement Contributions - PERS	516,000		516,000	456,531	59,469
Workmen's Compensation	400,000		400,000	313,510	86,490
Health Benefits	5,509,156	(86,000)	5,423,156	4,990,013	433,143
Tuition Reimbursement	70,000		70,000	28,981	41,019
Other Employee Benefits	100,000	76,000	176,000	175,490	510
Unused Sick Payment to Terminated/Retired	150,000	60,000	210,000	6,774	203,226
Total Unallocated Benefits	7,226,626	50,000	7,276,626	6,353,851	922,775
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (non-bud)			-	2,773,084	(2,773,084)
On-Behalf TPAF Post-retir. Contribution (non-bud)	-		-	1,791,076	(1,791,076)
On-Behalf TPAF Long Term Disability Insurance			-	3,104	(3,104)
Reimbursed TPAF Social Security Cont.(non-bud)			-	1,402,305	(1,402,305)
Total On-Behalf Contributions	-	-	-	5,969,569	(5,969,569)
Total Personal Services - Employee Benefits	7,226,626	50,000	7,276,626	12,323,420	(5,046,794)
TOTAL UNDISTRIBUTED EXPENDITURES	20,669,007	153,531	20,822,538	24,339,714	(3,517,176)
TOTAL GENERAL CURRENT EXPENSE	40,443,665	335,403	40,779,068	42,933,495	(2,154,427)

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
CAPITAL OUTLAY					
Equipment					
Undistributed Exp. - Instruction	45,000	49,068	94,068	79,074	14,994
Undistributed Exp. - Supp. Serv.- Related & Extra	3,000		3,000	2,793	207
Undistributed Exp. - Custodial	45,000	45,850	90,850	61,697	29,153
Undistributed Exp. - Care and Upkeep of Grounds	4,200		4,200		4,200
Undistributed Exp. - Admin. Info. Tech.	335,000	(45,850)	289,150	251,456	37,694
School Buses-Regular			-		-
Total Equipment	432,200	49,068	481,268	395,020	86,248
Facilities Acquisition and Construction Services					
Construction Services	500,000	(82,700)	417,300		417,300
Architectural/Engineering Services	25,000		25,000		25,000
Other Purchased Prof. and Tech. Services	250,000	(36,300)	213,700		213,700
Supplies & Materials	350,000	119,000	469,000	468,951	49
Assessment for Debt Service on SDA Funding	150,466		150,466	150,466	-
Total Facilities Acquisition and Construction Services	1,275,466	-	1,275,466	619,417	656,049
TOTAL CAPITAL OUTLAY	1,707,666	49,068	1,756,734	1,014,437	742,297
Transfer of Funds to Charter Schools	18,909	12,116	31,025	31,025	-
TOTAL EXPENDITURES	42,170,240	396,587	42,566,827	43,978,957	(1,412,130)

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,174,817)</u>	<u>(396,587)</u>	<u>(4,571,404)</u>	<u>424,393</u>	<u>4,995,797</u>
Other Financing Sources/(Uses):					
Operating Transfers:					
Transfer from Capital Project				-	-
Transfer to Cover Deficit - Food Service Fund		(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources/(Uses):	-	(50,000)	(50,000)	(50,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(4,174,817)</u>	<u>(446,587)</u>	<u>(4,621,404)</u>	<u>374,393</u>	<u>4,995,797</u>
Fund Balance July 1	<u>14,851,506</u>		<u>14,851,506</u>	<u>14,851,506</u>	<u>-</u>
Fund Balance June 30	<u><u>10,676,689</u></u>	<u><u>(446,587)</u></u>	<u><u>10,230,102</u></u>	<u><u>15,225,899</u></u>	<u><u>4,995,797</u></u>
Recapitulation:					
Restricted Fund Balance:				1,943,098	
Excess Surplus - Designated for Subsequent Year's Expenditures				929,587	
Excess Surplus - Current Year					
Committed Fund Balance:					
Capital Reserve				4,672,818	
Maintenance Reserve				2,543,684	
Tuition Reserve 16-17				1,200,000	
Tuition Reserve 17-18				1,900,000	
Emergency Reserve				421,732	
Assigned Fund Balance:					
Year-End Encumbrances				674,993	
Designated for Subsequent Year's Expenditures				28,775	
Unassigned Fund Balance					
General Fund				<u>911,212</u>	
				<u>15,225,899</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				<u>(331,185)</u>	
				<u><u>14,894,714</u></u>	

**OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources		111,461	111,461	57,346	(54,115)
State Sources		10,674	10,674	5,738	(4,936)
Federal Sources	673,894	179,917	853,811	858,996	5,185
Total Revenues	673,894	302,052	975,946	922,080	(53,866)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	669,394	(108,497)	560,897	560,898	(1)
Salaries of Other Professional Staff		13,060	13,060	12,242	818
Other Purchased Services (400-500 series)		144,790	144,790	132,863	11,927
General Supplies		108,218	108,218	66,036	42,182
Textbooks		3,506	3,506	3,486	20
Other Objects		16,677	16,677	9,500	7,177
Total Instruction	669,394	177,754	847,148	785,025	62,123
Support Services:					
Salaries of Other Professional Staff		2,540	2,540	3,698	(1,158)
Personal Services - Employee Benefits		84,297	84,297	92,758	(8,461)
Purchased Professional - Educational Services		-	-	276	(276)
Other Purchased Services (400-500 series)		26,382	26,382	29,645	(3,263)
General Supplies		15,579	15,579	10,678	4,901
Other Objects	4,500	(4,500)	-	-	-
Total Support Services	4,500	124,298	128,798	137,055	(8,257)
Total Expenditures	673,894	302,052	975,946	922,080	53,866
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, 2018**

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	\$ 47,850,395	922,080
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		(16,184)
Current Year		
The Final State Aid payments 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	
The Final State Aid payment for the Year Ended June 30, 2018 that was delayed until July 2018 was recorded as budgetary revenue for the Year Ended June 30, 2018 but is not recognized under GAAP until the Year Ended June 30, 2019.	(331,185)	-
	47,852,139	905,896
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	47,426,002	922,080
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		(16,184)
Current Year		
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	\$ 47,426,002	905,896

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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 Five Fiscal Years

	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0477540206%	0.0486599449%	0.0498289421%	0.0500779018%	0.0526741551%
District's proportionate of the net pension liability (asset)	\$ 11,116,373	14,411,680	11,185,801	9,375,953	10,067,078
District's covered payroll	\$ 3,358,182	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	331.02%	455.51%	332.96%	285.33%	295.00%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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 five years.
Additional years will be presented as they become available.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	449,645	434,893	428,403	396,889	402,251
Contributions in relation to the contractually required contribution	<u>449,645</u>	<u>434,893</u>	<u>428,403</u>	<u>396,889</u>	<u>402,251</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	3,358,182	3,163,872	3,359,550	3,285,998	3,412,544
Contributions as a percentage of covered-employee payroll	13.39%	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 five 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 Five Fiscal Years

	<u>2017</u>	<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%	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>124,283,696</u>	<u>147,023,848</u>	<u>118,869,177</u>	<u>101,449,991</u>	<u>101,028,085</u>
Total	<u>\$ 124,283,696</u>	<u>147,023,848</u>	<u>118,869,177</u>	<u>101,449,991</u>	<u>101,028,085</u>
District's covered payroll	19,041,624	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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	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 five years.
Additional years will be presented as they become available.

OCEAN CITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
Public Employee Retirement System and Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 106,770,830</u>	<u>\$ 116,122,206</u>
Total	<u>\$ 106,770,830</u>	<u>\$ 116,122,206</u>
District's covered payroll	\$ 22,399,806	\$ 22,072,701
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.
However, information is only currently available for two years.
Additional years will be presented as they become available.

Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special Revenue Funds are 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 a specific purpose.

OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2018

	Ocean City Education Foundation	Cape Educational	Ocean City PTA	Atlanticare Grant	Sustainable Jersey	Sustainable Jersey-Well	Impact Aid
REVENUES:							
Local Sources	10,332	994	32,030	521	5,798	4,708	
State Sources							25,500
Federal Sources							
Total Revenues	10,332	994	32,030	521	5,798	4,708	25,500
EXPENDITURES:							
Instruction:							
Salaries of Teachers						640	991
Salaries of Other Professional Staff			3,821			2,060	182
Other Purchased Services (400-500 series)	9,592	994	10,421	521		1,058	5,480
General Supplies							
Textbooks							
Other Objects			9,500				
Total Instruction	9,592	994	23,742	521	-	3,758	6,653
Support Services:							
Salaries of Other Professional Staff							3,698
Personal Services - Employee Benefits							8,461
Purchased Professional - Educational Services							276
Purchased Technical Services	740		8,288		5,798	950	4,512
Other Purchased Services (400-500 series)							1,900
General Supplies							
Other Objects							
Total Support Services	740	-	8,288	-	5,798	950	18,847
Capital Outlay:							
Instructional Equipment							
Total Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	10,332	994	32,030	521	5,798	4,708	25,500
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, 2018

	Title IV A	Title I Part A	I.D.E.A. Part B	I.D.E.A. Preschool	Title IIA	MAC SADD
REVENUES:						
Local Sources						400
State Sources	10,000	251,805	518,532	14,915	38,244	
Federal Sources	10,000	251,805	518,532	14,915	38,244	400
Total Revenues						
EXPENDITURES:						
Instruction:						
Salaries of Teachers		170,390	362,457	10,000	16,420	
Salaries of Other Professional Staff	10,000					
Other Purchased Services (400-500 series)			128,347	1,448		400
General Supplies		32,002				
Textbooks						
Other Objects						
Total Instruction	10,000	202,392	490,804	11,448	16,420	400
Support Services:						
Salaries of Other Professional Staff		48,183	27,728	3,174	5,212	
Personal Services - Employee Benefits						
Purchased Professional - Educational Services						
Purchased Technical Services		1,230		293	16,105	507
Other Purchased Services (400-500 series)						
General Supplies						
Other Objects						
Total Support Services	-	49,413	27,728	3,467	21,824	-
Capital Outlay:						
Equipment						
Total Capital Outlay	-	-	-	-	-	-
Total Expenditure	10,000	251,805	518,532	14,915	38,244	400
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, 2018

	MAC Intramural	MAC SCAT	MAC Misc	Non Public Textbook Aid	Non Public Technical Aid	Totals 2018
REVENUES:						
Local Sources	130	392	2,041			57,346
State Sources				3,486	2,252	5,738
Federal Sources						858,996
Total Revenues	130	392	2,041	3,486	2,252	922,080
EXPENDITURES:						
Instruction:						
Salaries of Teachers						560,898
Salaries of Other Professional Staff						12,242
Other Purchased Services (400-500 series)			695			132,863
General Supplies	130	392	1,346		2,252	66,036
Textbooks				3,486		3,486
Other Objects						9,500
Total Instruction	130	392	2,041	3,486	2,252	785,025
Support Services:						
Salaries of Other Professional Staff						3,698
Personal Services - Employee Benefits						92,758
Purchased Professional - Educational Services						276
Purchased Technical Services						-
Other Purchased Services (400-500 series)						29,645
General Supplies						10,678
Other Objects						-
Total Support Services	-	-	-	-	-	137,055
Capital Outlay:						
Other Equipment						-
Instructional Equipment						-
Total Capital Outlay	-	-	-	-	-	-
Total Expenditures	130	392	2,041	3,486	2,252	922,080
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

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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.

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.

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.

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, 2018

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 375,710	82,487	343,693	801,890
Investments, at Fair Value:				
Certificate of Deposit	375,710	82,487	375,351	833,548
Total Cash and Investments	<u>375,710</u>	<u>82,487</u>	<u>375,351</u>	<u>833,548</u>
Interfund Receivable		-		-
Total Assets	<u>375,710</u>	<u>82,487</u>	<u>375,351</u>	<u>833,548</u>
LIABILITIES				
Accounts Payable	1,317			1,317
Payable to Student Groups			297,440	297,440
Payroll Deductions & Withholdings			77,911	77,911
Total Liabilities	<u>1,317</u>	<u>-</u>	<u>375,351</u>	<u>376,668</u>
Net Position				
Held in Trust for Unemployment				
Claims and Other Purposes	<u>374,393</u>			374,393
Reserve for Scholarships		<u>82,487</u>		82,487
Total Net Position	<u>\$ 374,393</u>	<u>\$ 82,487</u>		<u>456,880</u>
Total Liabilities and Net Position			<u>\$ 375,351</u>	<u>\$ 833,548</u>

OCEAN CITY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	Unemployment Compensation Trust	Private Purpose Trust	Totals
ADDITIONS			
Contributions:			
Plan Member	\$ 39,695	-	39,695
Other		114,640	114,640
Total Contributions	39,695	114,640	154,335
Investments Earnings:			
Interest	391	165	556
Net Investment Earnings	391	165	556
Total Additions	40,086	114,805	154,891
Deductions			
Unemployment Claims	12,173		12,173
Annual Assessment	759		759
Scholarships Awarded		108,075	108,075
Total Deductions	12,932	108,075	121,007
Change in Net Position	27,154	6,730	33,884
Net Position - Beginning of the Year	347,239	75,757	422,996
Net Position - End of the Year	\$ 374,393	82,487	456,880

OCEAN CITY SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Primary School Activity Account	\$ 7,881	3,735.00	4,297.00	7,319
Intermediate School Activity Account	35,008	93,528	89,561	38,975
High School Activity Account	253,638	354,744	360,378	248,004
High School Red & White Account	6,107	93,766	96,731	3,142
Total Assets	<u><u>\$ 302,634</u></u>	<u><u>545,773</u></u>	<u><u>550,967</u></u>	<u><u>297,440</u></u>

**OCEAN CITY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2018**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS:				
Cash and Cash Equivalents	\$ 83,436	27,589,415	27,594,940	77,911
Total Assets	<u>83,436</u>	<u>27,589,415</u>	<u>27,594,940</u>	<u>77,911</u>
LIABILITIES:				
Payroll Deductions & Withholding	83,436	12,439,634	12,445,159	77,911
Net Payroll	-	15,149,781	15,149,781	-
Interfund Payable	-			-
Total Liabilities	<u>\$ 83,436</u>	<u>27,589,415</u>	<u>27,594,940</u>	<u>77,911</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, 2018

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2018		Interest Rate	Balance June 30, 2017	Decreased	Refunded	Balance June 30, 2018
			Date	Amount					
Various Improvements at the Intermediate School	2/24/2010	3,469,000	9/15/2018	360,000	2.800%	1,109,000	370,000		739,000
			9/15/2019	379,000					
Various Improvement and Renovations to Primary School	5/15/2014	2,497,000	5/15/2019	265,000	1.500%	2,032,000	250,000		1,782,000
			5/15/2020	275,000					
			5/15/2021	290,000					
			5/15/2022	300,000					
			5/15/2023	315,000					
5/15/2024	337,000								
Refunding Bonds, Series 2016	3/23/2016	10,580,000	4/1/2019	1,725,000	5.000%	9,005,000	1,635,000		7,370,000
			4/1/2020	1,830,000					
			4/1/2021	1,920,000					
			4/1/2022	1,895,000					
						<u>\$ 12,146,000</u>	<u>2,255,000</u>	<u>-</u>	<u>9,891,000</u>

OCEAN CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,752,945		2,752,945	2,752,945	-
Total - Local Sources	2,752,945	-	2,752,945	2,752,945	-
Total Revenues	2,752,945	-	2,752,945	2,752,945	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,255,000		2,255,000	2,255,000	-
Interest on Bonds	499,205		499,205	499,205	-
Total Regular Debt Service	2,754,205	-	2,754,205	2,754,205	-
Total Expenditures	2,754,205	-	2,754,205	2,754,205	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,260)	-	(1,260)	(1,260)	-
Other Financing Sources(Uses):					
Operating Transfers In:					
Transfers in from Other Funds			-		-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	(1,260)	-	(1,260)	(1,260)	-
Fund Balance, July 1	131,642	-	131,642	131,642	-
Fund Balance, June 30	130,382	-	130,382	130,382	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ (1,260)	-	(1,260)	(1,260)	-

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	20,928,514	19,266,385	26,003,285	25,982,531	24,960,564	25,325,131	30,286,131	29,965,203	29,508,699	30,527,203
Restricted	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	13,638,351
Unrestricted	(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)	(10,008,030)
Total governmental activities net position	23,283,896	27,982,894	30,075,077	33,206,831	34,829,638	36,995,886	31,066,050	29,753,490	32,940,936	34,157,524
Business-type activities										
Net investment in capital assets	130,776	117,786	107,057	94,197	81,337	75,268	76,004	73,471	66,247	51,335
Restricted	49,745	46,591	9,313	29,461	(72,991)	(90,890)	24,756	24,651	40,214	(44,848)
Unrestricted	180,521	164,347	116,370	123,658	8,346	(15,722)	100,760	98,122	106,461	6,487
Total business-type activities net position										
District-wide										
Net investment in capital assets	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	30,578,538
Restricted	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	13,638,351
Unrestricted	(2,738,062)	(961,351)	(2,045,831)	(2,079,806)	(576,197)	1,616,626	(10,706,663)	(10,936,358)	(10,204,190)	(10,052,679)
Total district net position	23,464,417	28,147,241	30,191,446	33,330,488	34,857,994	36,980,164	31,186,810	29,851,612	33,047,397	34,164,011

Source: CAFR Schedule A-1

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

	Fiscal Year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
Instruction:										
Regular	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	27,854,480
Special education	4,739,710	4,588,989	4,658,772	4,654,783	4,750,874	4,699,907	5,696,127	5,830,676	5,679,421	6,367,863
Other special education	2,163,831	2,235,270	2,172,481	1,991,674	1,982,505	1,926,487	2,448,933	2,868,681	3,166,396	3,164,497
Support Services:										
Tuition	169,351	195,864	135,328	356,510	304,527	329,485	275,748	329,177	391,950	246,014
Student & instruction related services	5,458,226	5,280,238	5,171,935	4,747,828	4,997,511	4,726,324	5,159,198	5,674,487	6,039,999	6,801,685
School administrative services	2,228,400	1,809,912	1,824,061	1,806,159	1,921,997	1,782,691	1,879,058	1,770,714	1,894,831	2,015,126
General Administration and Business Services	1,557,577	1,645,113	1,478,865	1,573,079	1,684,901	1,914,406	1,805,596	1,917,200	1,868,475	1,915,194
Plant operations and maintenance	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	6,994,299
Pupil transportation	941,514	913,898	887,414	867,421	944,321	1,208,151	896,924	904,939	994,939	1,278,994
Special schools	143,960	66,001	16,402	13,506	42,374	3,716	9,904	29,937	18,909	-
Charter Schools	71,840	75,224	52,159	62,889	998,171	971,712	772,318	1,863,992	230,574	115,067
Interest on long-term debt	1,091,185	1,021,506	939,859	964,837	20,151	-	-	-	-	-
Unallocated depreciation	-	-	-	20,151	-	-	-	-	-	-
Total governmental activities expenses	43,278,277	41,597,815	40,352,158	40,002,527	42,553,663	41,503,438	46,371,288	55,786,009	54,866,492	56,784,244
Business-type activities:										
Food service	778,956	740,086	729,478	698,153	697,500	618,209	642,339	668,641	684,952	715,381
Total business-type activities expenses	778,956	740,086	729,478	698,153	697,500	618,209	642,339	668,641	684,952	715,381
Total district expenses	44,057,233	42,337,900	41,081,637	40,700,680	43,251,163	42,121,647	47,013,627	56,454,650	55,551,444	57,499,625
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	13,887,901	14,464,451	13,959,021	13,602,146	12,922,719	10,959,443	10,468,451	12,844,272	13,142,586	11,698,989
Operating grants and contributions	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	10,892,792
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	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	22,591,781
Business-type activities:										
Charges for services:										
Food service	533,308	497,174	460,308	410,868	330,862	365,440	375,574	333,789	348,753	344,878
Operating grants and contributions	208,011	226,271	220,648	244,308	201,130	228,236	243,342	244,501	235,699	218,497
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	741,319	723,445	680,957	655,175	531,993	593,676	618,916	578,290	584,452	563,375
Total district program revenue	18,251,133	16,054,755	18,946,843	19,299,426	19,429,626	15,941,412	16,649,251	20,664,698	24,301,129	23,155,156
Net (Expense)/Revenue										
Governmental activities	(25,768,462)	(26,266,505)	(22,066,272)	(21,358,276)	(23,656,030)	(26,155,702)	(30,340,953)	(35,699,601)	(30,949,815)	(34,192,463)
Business-type activities	(37,637)	(16,641)	(48,522)	(42,978)	(165,507)	(24,533)	(23,423)	(90,351)	(100,500)	(152,006)
Total district-wide net expense	(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)	(34,344,469)

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

Exhibit J-2

	Fiscal Year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	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	22,382,710
Taxes levied for debt service	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	2,752,945
Unrestricted grants and contributions	2,019,138	7,945,836	196,745	372,949	941,644	3,312,246	9,129,118	9,536,554	9,101,521	9,949,955
Investment earnings	10,020	69,988	65,887	22,449	11,979	12,895	8,489	3,807	3,003	3,000
Miscellaneous income	296,807	262,719	194,946	111,907	104,917	718,090	386,621	364,839	344,010	370,442
Special Item - Loss on Disposal of Capital Assets			(161,243)							
Extraordinary Item - Loss of Sale of Securities					(2,287)	(3,275)				
Extraordinary Item - Loss on Refunding Bonds				(50,000)	(50,000)		(125,000)	(75,000)	(100,000)	(50,000)
Loss on Disposal of Capital Assets				24,711,181	25,278,837	28,321,528	34,081,305	34,387,041	34,137,261	35,409,052
Transfers	(24,565)	30,965,503	24,158,456		(2,287)	(3,275)				
Total governmental activities	24,165,570	30,965,503	24,158,456	24,711,181	25,278,837	28,321,528	34,081,305	34,387,041	34,137,261	35,409,052
Business-type activities:										
Investment earnings	487	467	544	266	185	465	522	804	1,151	2,032
Transfers	219			50,000	50,000	-	125,000	75,000	100,000	50,000
Loss on Disposal of Capital Assets	24,965							11,909	7,688	
Total business-type activities	25,271	467	544	50,266	50,195	465	125,522	87,713	108,839	52,032
Total district-wide	24,190,841	30,965,971	24,158,999	24,761,447	25,329,032	28,321,993	34,206,827	34,474,754	34,246,100	35,461,084
Changes in Net Position	(1,602,893)	4,698,988	2,092,183	3,352,905	1,622,807	2,165,826	3,740,352	(1,312,560)	3,187,446	1,216,589
Governmental activities	(12,366)	(16,174)	(47,978)	7,288	(115,312)	(24,068)	102,099	(2,638)	8,339	(99,974)
Business-type activities	(1,615,259)	4,682,825	2,044,205	3,360,193	1,507,495	2,141,758	3,642,451	(1,315,198)	3,195,785	1,116,615
Total district										

Source: CAFR Schedule A-2

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

	Fiscal Year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	-	-	2,767,494	3,271,787	3,004,924	2,668,937	2,879,983	3,651,712	4,095,915	2,872,685
Committed			3,222,684	4,770,684	6,695,262	4,492,672	4,980,502	6,633,502	9,571,502	10,738,234
Assigned			142,896	911,879	324,779	2,103,548	95,002	203,125	346,587	703,768
Unassigned			689,972	665,448	572,865	458,858	477,009	476,685	504,573	580,027
Reserved	5,080,191	4,542,113								
Unreserved	609,853	565,497								
Total general fund	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	14,894,714
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	293	333,680	29,835	31,095	131,642	-
Committed:										
Reported in Capital Projects Fund			20,000	20,000	-	-	-	-	-	-
Assigned										
Unassigned	66,359	6,300,905								
Reserved										
Unreserved, reported in:										
Special revenue fund	330,074	924,744								
Capital projects fund	20	8								
Debt service fund										
Total all other governmental funds	\$ 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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	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	25,135,655
Tuition charges	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	11,698,989
Interest earnings	162,011	10,020	69,988	65,887	11,979	12,895	8,489	3,807	3,003	3,000
Miscellaneous	200,509	408,850	330,601	294,365	185,611	773,196	456,380	397,395	423,151	427,788
State sources	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	9,932,520
Federal sources	721,001	633,062	819,654	1,054,462	808,195	851,287	1,085,983	970,913	946,449	865,983
Total revenue	43,871,511	42,695,167	46,455,849	42,585,583	44,228,757	43,672,539	45,794,461	48,099,512	48,608,741	48,063,935
Expenditures										
Instruction:										
Regular instruction	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	14,423,227
Special education instruction	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	3,300,708
Other special education instruction	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	1,638,687
Support Services:										
Tuition	436,352	169,351	195,864	135,328	304,527	254,820	275,748	329,177	391,950	246,014
Student & instruction related services	3,910,322	4,045,528	4,043,824	3,763,095	3,611,511	3,540,884	3,753,069	3,859,313	3,970,868	4,221,073
General administrative services	923,834	750,296	708,249	641,089	730,877	816,184	721,212	713,854	689,299	781,971
School administrative services	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	1,250,737
Business administrative/central services	497,761	494,971	551,647	533,812	577,858	571,873	592,272	590,067	525,285	544,842
Plant operations and maintenance	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	4,051,877
Pupil transportation	861,650	925,984	913,898	876,972	931,832	905,876	896,924	904,599	994,939	1,056,835
Unallocated employee benefits	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	12,323,420
Special schools	89,622	103,597	50,546	11,745	-	-	9,904	29,937	18,909	31,025
Charter schools	33,077	71,840	75,224	52,159	42,374	3,716	9,904	29,937	18,909	31,025
Capital outlay	1,600,059	445,287	1,741,809	7,018,218	524,570	1,892,953	4,443,842	5,068,559	851,891	1,014,437
Debt service:										
Principal	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	2,255,000
Interest and other charges	1,133,093	1,082,980	1,030,018	1,053,793	911,863	836,063	797,280	714,655	568,351	499,205
Total Expenditures	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	47,639,058
Excess (Deficiency) of revenues over (under) expenditures	(673,058)	(279,267)	2,777,325	(5,130,998)	995,918	95,289	(1,153,209)	(646,635)	3,223,721	424,877
Other Financing Sources (Uses)										
Transfer in	14,137	20	1,661,900	36,578	81	1,435,096	661,081	400,807	530,382	-
Transfer out	(15,463)	(24,585)	(1,661,900)	(36,578)	(50,081)	(1,435,096)	(786,081)	(475,807)	(630,382)	(50,000)
Bond Proceeds			3,469,447			2,497,422				
Grant Revenue										
Cancelled Prior Year Payable										
Total other financing sources (uses)	(1,325)	(24,565)	3,469,447	-	(50,000)	2,497,422	(125,000)	(75,000)	(100,000)	(50,000)
Extraordinary Item										
Loss on Sale of Securities										
Net change in fund balances	(674,383)	(303,832)	6,246,772	(5,130,998)	945,918	2,592,711	(1,278,209)	(721,635)	3,123,721	374,877
Debt service as a percentage of noncapital expenditures	5.08%	5.17%	5.32%	6.41%	6.16%	6.34%	6.33%	6.70%	6.15%	5.91%

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
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
2018	3,000			370,442	373,442

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
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
2018	148,185,400	10,992,102,900	507,123,200	733,300	41,457,500	11,689,602,300	-	2,842,086	11,692,444,386	0.237	11,830,865,512

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	
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
2018	0.21345535	0.024	0.237	0.237	0.011		0.035	0.459	0.979

Source: District Records and Municipal Tax Collector

Exhibit J-8

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

Taxpayer	2018			2009		
	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	0.08%	13,192,000	6	0.10%
Magton, Inc.	9,856,900	4	0.08%	20,802,100	2	0.16%
YFP Ocean City LLC	6,800,000	5	0.06%			
Gillian Brothers, Inc.	6,370,500	6	0.05%	9,910,100	8	0.08%
Holloway, Gary & Patricia	6,368,000	7	0.05%	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		0.70%	\$ 146,216,300		1.14%
	District Assessed Value		\$ 11,692,444,386			\$ 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	
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%	-
2018	25,135,655	25,135,655	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	
2009	21,530,000.00		226,344.42			1,464
2010	23,799,000.00		153,828.16			1,629
2011	22,244,000.00		74,418.60			1,907
2012	20,614,000.00		-			1,775
2013	18,894,000.00		-			1,632
2014	19,586,000.00		-			1,709
2015	17,691,000.00		-			1,555
2016	14,316,000.00		-			1,261
2017	12,146,000.00		-			1,071
2018	9,891,000.00		-			883
					Total District	
					21,756,344.42	3.54%
					23,952,828.16	3.79%
					22,318,418.60	4.33%
					20,614,000.00	3.95%
					18,894,000.00	3.43%
					19,586,000.00	3.47%
					17,691,000.00	3.13%
					14,316,000.00	2.43%
					12,146,000.00	2.01%
					9,891,000.00	1.61%

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		
2009	21,530,000	-	21,530,000	0.17%	41,366
2010	23,799,000	-	23,799,000	0.19%	43,026
2011	23,700,000	-	23,700,000	0.18%	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
2018	9,891,000	-	9,891,000	0.08%	54,865

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, 2017 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	142,806,389	100.00%	142,806,389
Other Debt			
County of Cape May	226,578,595	22.99%	52,080,764
Subtotal, Overlapping Debt			194,887,153
City of Ocean City School District Direct Debt			9,891,000
Total Direct and Overlapping Debt			<u>204,778,153</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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	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	477,103,736
Total net debt applicable to limit	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	9,891,000
Legal debt margin	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	467,212,736
Total net debt applicable to the limit as a percentage of debt limit	4.02%	4.50%	4.27%	4.06%	3.87%	4.07%	3.84%	3.10%	2.59%	2.07%

Equalized valuation basis	2017	2016	2015
	\$ 12,183,914,162	\$ 11,964,475,254	\$ 11,634,390,749
			\$ 35,782,780,165

Average equalized valuation of taxable property	2017
	\$ 11,927,593,388

Debt limit (4% of average)	2017
	477,103,736
Net bonded school debt	2017
	9,891,000
Legal debt margin	2017
	467,212,736

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>
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%
2018	11,206	614,817,190	54,865	5.6%

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	2018			2009		
	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

<u>Function/Program</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular instruction	211.0	213.0	204.0	145.0	138.0	138.0	138.0	153.0	152.4	151.4
Other instruction	36.2	39.0	38.0	49.0	45.3	45.3	45.3	45.3	45.7	43.6
Support Services:										
Student & instruction related services	35.9	37.0	35.0	60.0	49.4	49.4	49.4	34.4	36.0	42.6
General administrative services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0	5.0
School administrative services	15.8	15.8	16.0	16.0	17.0	17.0	17.0	16.0	14.0	14.0
Business administrative services	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0
Plant operations and maintenance	33.5	34.0	32.0	41.0	35.0	35.0	35.0	35.0	35.0	35.0
Pupil transportation	0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Food Service										
Total	342.1	348.5	335.0	321.0	295.7	295.7	295.7	294.7	296.1	299.6

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				
2009	2,103.0	40,331,168	19,178	#DIV/0!	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%
2018	2,130.0	47,317,461	22,215	13.16%	182.0	10.9:1	10.9:1	12.7:1	2,126	2,008	-0.09%	94.45%

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<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)	309	327	329	344	394	394	394	441	361	347
Enrollment										
<u>Middle School</u>										
Ocean City Intermediate School	93,846	93,846	102,448	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)	454	488	483	465	477	485	485	451	533	529
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)	1,340	1,282	1,240	1,255	1,228	1,216	1,216	1,252	1,235	1,254
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, 2018

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)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Ocean City Primary School	N/A	107,761	101,969	73,483	70,889	36,205	83,779	54,439	84,915	75,163	107,239
Ocean City Intermediate School	N/A	171,677	175,293	158,087	130,825	175,978	247,406	226,432	211,416	193,022	242,359
Ocean City High School	N/A	348,891	347,014	203,673	335,213	706,247	381,647	466,045	416,587	320,135	387,030
Total School Facilities		628,329	624,276	435,243	536,927	918,429	712,832	746,916	712,918	588,320	736,628
Other Facilities				98,929	116,341						
Grand Total		628,329	624,276	534,172	653,268	918,429	712,832	746,916	712,918	588,320	736,628

Source: District Records

**Ocean City School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2018
(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.

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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, 2018, and have issued our report thereon dated January 25, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Ford, Scott & Associates, LLC.
Certified Public Accountants

Leon P. Costello

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

January 25, 2019



F O R D - S C O T T

& A S S O C I A T E S , L . L . C .

C E R T I F I E D P U B L I C A C C O U N T A N T S

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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, 2018. 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, 2018.

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, LLC.
Certified Public Accountants

Leon P. Costello

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

January 25, 2019

CITY OF OCEAN CITY SCHOOL DISTRICT
 Financial Statements
 Schedule of Expenditures of Awards and Financial Assistance
 for the Fiscal Year ended June 30, 2018

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, 2017		Cash Received	Source		MEMO Pass Through to Sub-Recipients	Cancelled Receivable	Unearned Revenue	Balance at June 30, 2018	
						Accounts Receivable	Unearned Revenue		Pass Through	Direct				(Accounts Receivable)	Due to Grantor
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Food Distribution Program	10.650	1816NJ304N1099	NA	7/1/17 - 6/30/18	24,910	-	24,910	24,910	(24,910)	-	-	-	-	-	-
School Breakfast Program	10.653	1816NJ304N1099	NA	7/1/17 - 6/30/18	21,272	-	14,437	14,437	(21,272)	-	-	-	-	(6,835)	-
National School Lunch Program	10.555	1716NJ304N1099	NA	7/1/16 - 6/30/17	20,177	(4,581)	4,581	122,172	(167,877)	-	-	-	-	(45,705)	-
National School Lunch Program	10.555	1716NJ304N1099	NA	7/1/16 - 6/30/17	182,574	(32,623)	32,623	-	-	-	-	-	-	-	-
Total Enterprise Fund					(37,204)	-	198,723	-	(214,059)	-	-	-	-	(62,540)	-
U.S. Department of Health and Human Services															
Passed-through State Department of Health and Human Services															
Medical Assistance	93.778	1805NJMAP	NA	7/1/17 - 6/30/18	23,171	-	23,171	23,171	(23,171)	-	-	-	-	-	-
Total General Fund					-	-	23,171	-	(23,171)	-	-	-	-	-	-
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I, Part A, Carryover	84.010A	5010A150030	NCLB	7/1/16 - 6/30/17	266,852	(88,504)	188,348	188,348	(251,805)	-	-	-	-	(115,074)	-
Title II Teacher and Principal Training and Recruiting Fund Carryover	84.367A	S387A150028	NCLB	7/1/17 - 6/30/18	38,244	(20,628)	17,616	17,616	(38,244)	-	-	-	-	(13,524)	-
Title IV, A - ESSA	84.424A	S424A170031	NCLB	7/1/17-6/30/18	10,000	-	10,000	10,000	(10,000)	-	-	-	-	-	-
ID.E.A. Part B - Basic	84.027	H027A150100	FT 05	7/1/17 - 6/30/18	518,532	(57,100)	461,432	461,432	(518,532)	-	-	-	-	(137,119)	-
ID.E.A. Part B - Basic - Carryover	84.027	H027A150100	FT 06	7/1/16 - 6/30/17	543,680	(4,383)	439,297	439,297	(543,680)	-	-	-	-	(6,467)	-
ID.E.A. Part B - Preschool	84.173	H173A150114	FT 05	7/1/16 - 6/30/17	15,279	(4,383)	10,896	10,896	(14,915)	-	-	-	-	-	-
Temporary Emergency Impact Aid	84.336C	S836C18005	NA	7/1/17-6/30/18	25,500	-	25,500	25,500	(25,500)	-	-	-	-	(25,500)	-
Total Special Revenue Fund					(170,625)	-	731,937	-	(858,996)	-	-	-	-	(297,684)	-
Total Federal Financial Assistance					(207,829)	-	953,831	-	(1,096,226)	-	-	-	-	(350,224)	-

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, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Activity Amount	Grant Period		Deferred Revenue (Accounts Receivable)	Due to Grantor	Comptroller (Withdrawal) Amount	Cash Received	Budgetary Expenditures	Adjustments / Reimbursement Prior Year Balances	(Accounts Receivable)	Balance at June 30, 2018	Due to Grantor	Budgetary Receivable	MEMO	Cumulative Total Expenditures	
			From	To													
State Department of Education																	
General Fund:																	
State Aid - Public Cluster:																	
18-485-034-5120-089		684,538	7/1/2017	6/30/2018	-	-	631,072	(684,538)	-	-	-	-	-	(63,466)		684,538	
18-485-034-5120-088		2,654,400	7/1/2017	6/30/2018	-	-	2,408,289	(2,654,400)	-	-	-	-	-	(246,111)		2,654,400	
18-485-034-5120-084		162,163	7/1/2017	6/30/2018	(3,654)	-	147,128	(162,163)	-	-	-	-	-	(15,035)		162,163	
18-485-034-5120-085		27,650	7/1/2017	6/30/2018	(104,960)	-	25,087	(27,650)	-	-	-	-	-	(2,563)		27,650	
18-485-034-5120-098		13,740	7/1/2017	6/30/2018	(104,960)	-	12,466	(13,740)	-	-	-	-	-	(1,274)		13,740	
18-485-034-5120-097		14,400	7/1/2017	6/30/2018	(68,562)	-	14,400	(14,400)	-	-	-	-	-	(5,000)		14,400	
18-485-034-5120-102		1,401	7/1/2017	6/30/2018	(177,176)	-	1,271	(1,401)	-	-	-	-	-	(130)		1,401	
Total State Aid Public Cluster																	
18-485-034-5120-015		232,343	7/1/2017	6/30/2018	-	-	232,343	(232,343)	-	-	-	-	-	(63,380)		232,343	
18-485-034-5120-014		6,380	7/1/2017	6/30/2018	(3,654)	-	3,654	(6,380)	-	-	-	-	-	-		6,380	
18-485-034-5120-014		3,654	7/1/2016	6/30/2017	-	-	-	-	-	-	-	-	-	-		3,654	
18-100-034-5120-473		144,644	7/1/2017	6/30/2018	(104,960)	-	104,960	(144,644)	-	-	-	-	-	(39,684)		144,644	
17-100-034-5120-473		104,960	7/1/2017	6/30/2018	(104,960)	-	104,960	(104,960)	-	-	-	-	-	-		104,960	
18-485-034-5095-003		4,587,264	7/1/2017	6/30/2018	(68,562)	-	4,587,264	(4,587,264)	-	-	-	-	-	(68,131)		4,587,264	
18-485-034-5095-003		1,381,791	7/1/2017	6/30/2018	(177,176)	-	1,381,791	(1,381,791)	-	-	-	-	-	(1,381,791)		1,381,791	
Total General Fund																	
Special Revenue Fund:																	
NJ Nonpublic Aid:																	
18-100-034-5120-064		3,506	7/1/2017	6/30/2018	-	-	3,506	(3,486)	-	-	-	-	20	-		3,506	
17-100-034-5120-064		2,882	7/1/2016	6/30/2017	-	-	-	-	-	-	-	-	-	-		2,882	
18-100-034-5120-373		2,388	7/1/2017	6/30/2018	(386)	-	2,388	(2,252)	(4)	-	-	-	116	-		2,388	
18-100-034-5120-503		4,800	7/1/2017	6/30/2018	-	-	4,800	-	(386)	-	-	-	4,800	-		4,800	
17-100-034-5120-509		2,500	7/1/2016	6/30/2017	-	-	-	-	(541)	-	-	-	-	-		2,500	
Total Special Revenue Fund																	
New Jersey Economic Development Authority																	
Capital Projects Fund																	
Improvements and Renovations to the Intermediate School		3,408,856		Open													
Improvements and Renovations to the Primary School		2,399,279		Open													
Total Capital Project Fund																	
State Department of Agriculture:																	
Enterprise Fund:																	
18-100-010-3360-067		4,437	7/1/2017	6/30/2018	(835)	-	3,434	(4,437)	-	-	-	-	-	(1,003)		4,437	
17-100-010-3360-067		4,702	7/1/2016	6/30/2017	-	-	835	-	-	-	-	-	-	-		4,702	
Total Enterprise Fund																	
Total State Financial Assistance																	
Less: Total On-Behalf Contributions (4,587,264)																	
Total State Financial Assistance (5,367,946)																	

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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018**

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 \$1,744 for the general fund and \$16,304 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 Contributions	Total
General Fund	\$ 23,171	9,925,038	(5,969,569)	3,978,640
Special Revenue Fund	826,628	5,738		832,366
Food Service Fund	214,059	4,438		218,497
Total Financial Assistance	\$ 1,063,858	9,935,214	(5,969,569)	5,029,503

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, 2018
(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, 2018. 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, 2018.

**OCEAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	An Unmodified Opinion was issued on the Basic Financial Statements, dated January 25, 2019
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 January 25, 2019
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>
84.027	IDEA- Special Education Cluster

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, 2018
(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 January 25, 2019
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>
495-034-5120-089	State Aid Public Cluster
495-034-5120-068	Special Education Aid
495-034-5120-084	School Choice Aid
495-034-5120-085	Security Aid
495-034-5120-097	Additional Adjustment Aid
495-034-5120-098	PARCC Aid
495-034-5120-101	Per Pupil Growth Aid
	Professional Learning Community Aid

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, 2018
(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.