

**Comprehensive Annual  
Financial Report**

**of the**

**City of Ocean City School District**

**Ocean City, New Jersey**

**For the Year Ended June 30, 2019**



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# **Introductory Section**





# OCEAN CITY BOARD OF EDUCATION

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November 22, 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, 2019 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](http://www.oceancityschools.org)  
Equal Opportunity Employer

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2018-2019 fiscal year with an enrollment of 2,099 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

Year	Enrollment	Change
2018-19	2,099	-1.46%
2017-18	2,130	0.05%
2016-17	2,129	-0.70%
2015-16	2,144	0.89%
2014-15	2,125	1.58%

**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 continues to focus on technology utilization within the educational environment to provide a state-of-the-art educational experience to our students including an ever-increasing digital curriculum. The AMX Unified Classroom project was completed and implemented district-wide during the current year. AMX Unified Classroom further enhances the classroom experience with teacher voice amplification, classroom screen sharing across devices, and safety enhancements that allow for immediate remote notification and response within the event of a classroom emergency.

The "Raider Ready!" Program was a successful initiative implemented at the Ocean City Primary School to aid in the transition of students as new kindergarteners. The yearlong program, before kindergarten, allowed students and their families to visit the Primary School on multiple occasions and acclimate to the school environment, work with teachers and other support staff, learn about our school community, and ensure that the incoming kindergarteners in the fall of 2019 will be "Raider Ready!"

The Ocean City Intermediate School was again awarded a 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 through multiple grants from Sustainable Jersey for Schools and AtlantiCare.

The District continued its commitment to student wellness by expanding programs at the Student Wellness Center within Ocean City High School during the school year. The Student Wellness Center provides students resources and activities throughout the school year in both structured and unstructured settings. As a result of the success of the Center at Ocean City High School, the District plans to open a Wellness Center at the Ocean City Intermediate School in the upcoming school year. This new initiative will provide age-appropriate supports to our Intermediate School students and builds on the District's commitment to student wellness. Additionally, 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.

#### **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, 2019, the District's outstanding debt consists of \$7,541,000 in general obligation bonds. This balance consists of \$5,645,000 from the refunding bonds issued in March 23, 2016, \$379,000 from bonds issued on February 24, 2010 for improvements to the intermediate school and \$1,517,000 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.

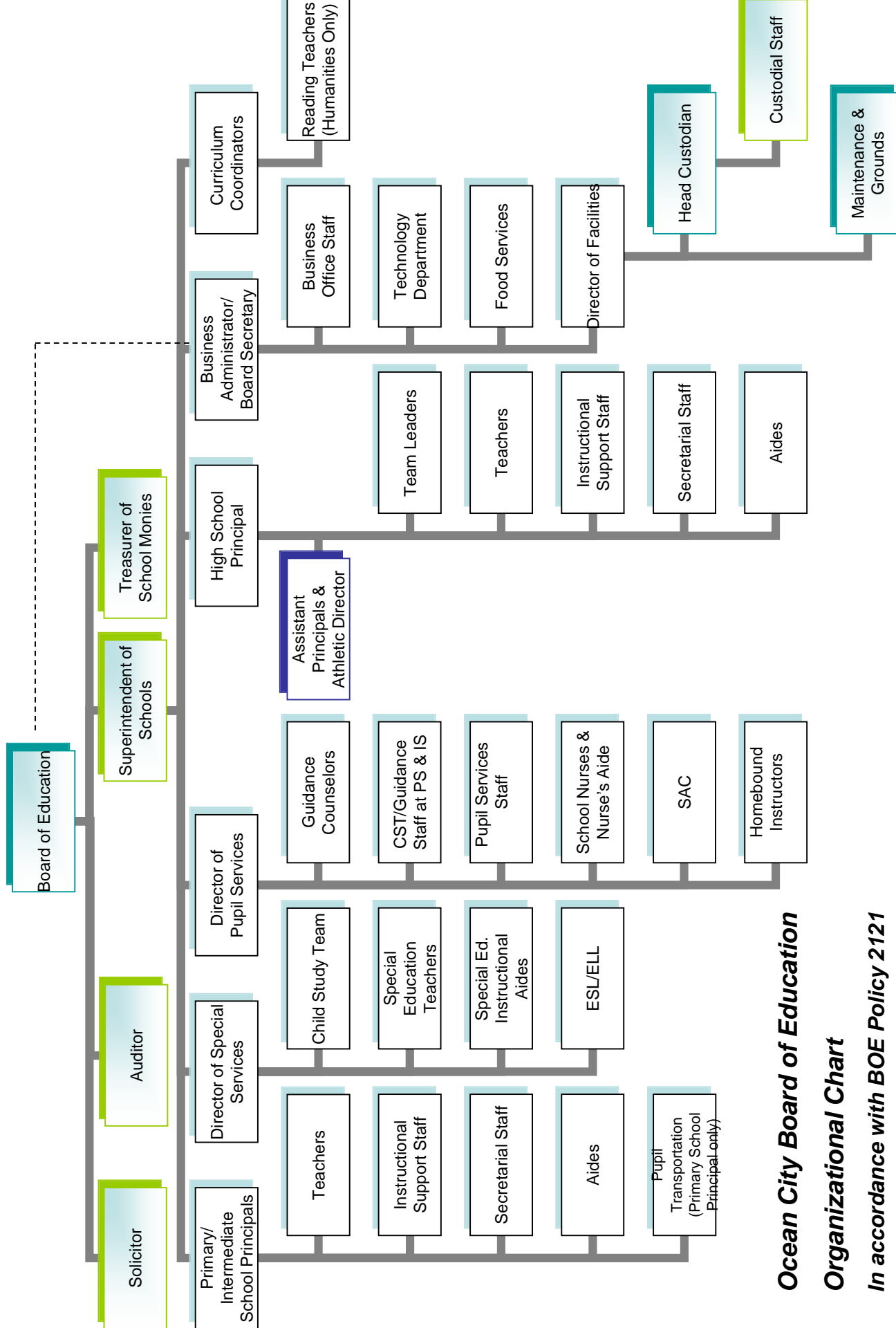
**11. ACKNOWLEDGMENTS:**

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, 2019**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Joseph S. Clark, Jr., President	2021
Jacqueline McAlister, Vice-President	2022
H. James Bauer	2022
Dale Braun, Jr.	2020
Michael James	2021
Cecelia Gallelli- Keyes	2021
Suzanne Morgan	2022
J. Tiffany Prettyman	2020
Gregory Whelan	2020
Andrea Olenik-Hipkins, Upper Township	2020
Frances T. Newman, Upper Township	2020
William Sooy, Upper Township	2020
<b><u>Other Officials</u></b>	
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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ocean City School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of federal awards and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 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

**November 22, 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, 2019  
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, 2019. 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 2019 are as follows:

- In total, net position decreased \$388,201, which represents a decrease of approximately 1 percent from prior year.
- General revenues accounted for \$34,937,894 in revenue or 65 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$18,635,298 or 35 percent of total revenues of \$53,573,192.
- Total assets of governmental activities increased \$3,669,198 as cash and cash equivalents increased by \$2,405,645, receivables increased by \$25,063, and net capital assets decreased by \$1,460,806.
- The School District had \$53,961,394 in expenses; \$18,635,298 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$34,930,621 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$45,024,379 in revenues and \$46,787,180 in expenditures. The General Fund's fund balance decreased \$1,882,801 from 2018.

**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, 2019  
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 2019?" 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, 2019  
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, 2019  
UNAUDITED (CONTINUED)**

Table 1 provides a summary of the School District's net position for 2019 and 2018.

**Table 1  
Net Position**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current and Other Assets	\$ 13,585,473	15,774,530
Capital Assets	42,079,725	43,555,442
	<u>55,665,198</u>	<u>59,329,972</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	<u>1,986,746</u>	<u>2,577,013</u>
<b>Liabilities</b>		
Long-Term Liabilities	19,572,131	23,974,575
Other Liabilities	686,081	897,232
	<u>20,258,212</u>	<u>24,871,807</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows Related to Pensions	3,577,677	2,752,465
Gain on Refunding Bonds	<u>90,919</u>	<u>118,702</u>
	<u>3,668,596</u>	<u>2,871,167</u>
<b>Net Position</b>		
Net Investment in Capital Assets	32,048,404	30,578,538
Restricted	12,180,126	13,638,351
Unrestricted	(10,503,394)	(10,052,878)
	<u>\$ 33,725,136</u>	<u>\$ 34,164,011</u>

The overall decrease 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, 2019  
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal year 2019 and 2018

**Table 2  
Changes in Net Position**

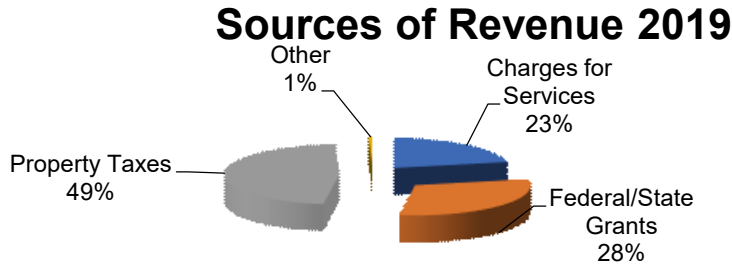
	2019	2018
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 11,648,858	12,043,867
Operating Grants and Contributions	6,986,440	11,111,289
General Revenues:		
Property Taxes	25,253,453	25,135,655
Grants and Entitlements	9,311,403	9,949,955
Other	292,123	375,474
Total Revenues	53,492,277	58,616,240
<b>Program Expenses</b>		
Instruction	33,731,887	37,386,840
Support Services:		
Tuition	393,566	246,014
Pupils and Instructional Staff	6,212,947	6,801,685
General and School Administration, Business Operations and Maintenance of Facilities	11,791,178	10,924,619
Pupil Transportation	1,080,052	1,278,994
Special Schools and Charter Schools	30,300	31,025
Interest on Debt	11,712	115,067
Food Service	709,751	715,381
Other		
Total Expenses	53,961,393	57,499,625
Increase in Net Position	\$ (469,116)	1,116,615

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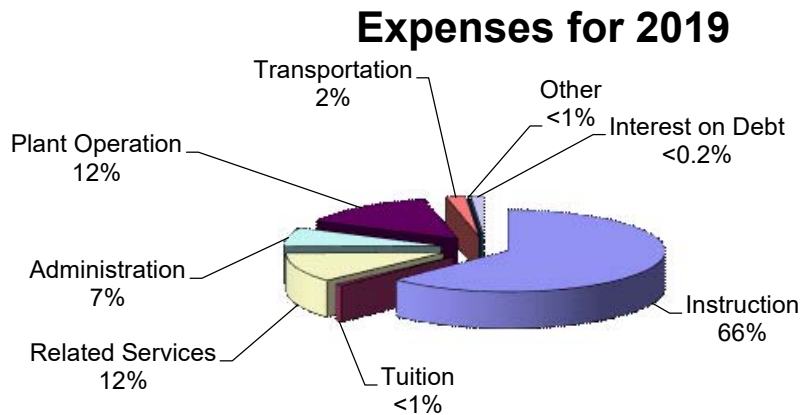
**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED (CONTINUED)**

**Governmental Activities**

Property taxes made up 49 percent of revenues for governmental activities for the Ocean City School District for fiscal year 2019. The District's total governmental revenues were \$53,492,277 for the year ended June 30, 2019. Charges for services represents 23 percent of revenue and federal, state, and local grants accounted for another 28 percent of revenue.



The total cost of all program and services was \$53,961,394. Instruction comprises 66 percent of District expenses.



**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 \$4,634.
- Charges for services represent \$362,142 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 \$215,701.

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED (CONTINUED)**

**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><b>Total Cost of Services 2019</b></u>	<u><b>Net Cost of Services 2019</b></u>	<u><b>Total Cost of Services 2018</b></u>	<u><b>Net Cost of Services 2018</b></u>
Instruction	\$ 33,731,887	16,439,958	37,386,840	16,170,147
Support Services:				
Tuition	393,566	393,566	246,014	246,014
Pupils and Instructional Staff	6,212,947	5,823,057	6,801,685	6,182,939
General Administration and Business Services	2,106,104	2,038,817	1,915,192	1,763,912
School Administration	1,917,279	1,855,907	2,015,126	1,872,447
Operation of Plant	7,767,795	7,520,818	6,994,301	6,531,918
Pupil Transportation	1,080,053	1,080,053	1,278,994	1,278,994
Interest and Finance Charges	30,300	30,300	115,067	115,067
Other	11,712	11,712	31,025	31,025
Total Expenses	<u>\$ 53,251,643</u>	<u>35,194,188</u>	<u>56,784,244</u>	<u>34,192,463</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.

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.

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED (CONTINUED)**

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$48,898,250 and expenditures were \$50,791,433. The net increase in fund balance of operations for the year was \$2,013,183.

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, 2019, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Local Sources	\$ 36,962,705	75.6%	(302,727)	-0.8%
State Sources	10,991,278	22.5%	1,058,758	11.6%
Federal Sources	944,267	1.9%	78,284	8.3%
Total	<u>\$ 48,898,250</u>	100.0%	<u>834,315</u>	1.7%

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.

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2019, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 19,841,996	39.1%	479,374	2.5%
Undistributed expenditures	26,609,815	52.4%	2,133,046	8.7%
Capital Outlay	1,537,867	3.0%	523,430	51.6%
Special Schools & Charter Schools	30,300	0.1%	(725)	-2.3%
Debt Service:				
Principal	2,350,000	4.6%	95,000	4.2%
Interest	421,455	0.8%	(77,750)	-15.6%
Total	<u>\$ 50,791,433</u>	100.0%	<u>3,152,375</u>	6.6%

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.



**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED (CONTINUED)**

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 \$3,617,411 for FY 2019 and also made on-behalf TPAF post-retirements contributions for the District in the amount of \$1,640,852 and TPAF long-term disability insurance in the amount of \$2,893
- The State of New Jersey reimbursed the District for TPAF Social Security contributions made during the school year. The amount of \$1,400,072.
- The District expended \$755,750 less than the amount originally budgeted for Health Benefits, \$164,000 of the unexpended balance was transferred to other accounts nearing over-expenditure.

**Capital Assets**

At the end of the fiscal year 2019, the School District had \$42,043,301 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2019 balances compared to 2018.

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

	2019	2018
Land	\$ 879,750	879,750
Land Improvements	129,530	151,554
Sites, Buildings and Building Improvements	40,227,067	41,761,855
Machinery and Equipment	806,954	710,948
Total	\$ 42,043,301	43,504,107

**Debt Administration**

At June 30, 2019, the School District had \$9,940,402 of outstanding long term liabilities. Of this amount, \$1,231,262 is for compensated absences, and \$1,168,140 of serial bonds net of unamortized premiums on bonds issued.

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED (CONTINUED)**

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

	<b>2019</b>	<b>2018</b>
2010 General Obligation Bonds	\$ 379,000	739,000
2014 General Obligation Bonds	1,517,000	1,782,000
2016 Refunding Bonds	5,645,000	7,370,000
Unamortized Bond Premium	1,168,140	1,525,100
Compensated Absences	1,231,262	1,442,101
Total	\$ 9,940,402	12,858,201

At June 30, 2019, 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.

**Contacting the School District's Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Business Administration/Board Secretary at Ocean City Board of Education, 501 Atlantic Avenue, Suite 1, Ocean City, NJ 08226-3891. Please visit our website at [www.oceancityschools.org](http://www.oceancityschools.org).

# **BASIC FINANCIAL STATEMENTS**



## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net 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, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 11,219,564	1,363,759	12,583,323
Receivables, Net	962,143	36,167	998,310
Internal Balances	1,403,829	(1,403,829)	-
Inventory		3,840	3,840
Capital Assets			
Land	879,750		879,750
Capital Assets being Depreciated, net	41,163,551	36,424	41,199,975
Total Assets	<u>55,628,837</u>	<u>36,361</u>	<u>55,665,198</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	<u>1,986,746</u>		<u>1,986,746</u>
<b>LIABILITIES</b>			
Accounts Payable	394,899	24,929	419,828
Payable to State Government	195		195
Unearned Revenue	127,854	9,579	137,433
Accrued Interest	77,950		77,950
Noncurrent Liabilities			
Due Within One Year	2,484,000		2,484,000
Due Beyond One Year	7,456,402		7,456,402
Net Pension Liability	9,631,729		9,631,729
Total Liabilities	<u>20,173,029</u>	<u>34,508</u>	<u>20,207,537</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	3,577,677		3,577,677
Gain on Refunding Bonds	90,919		90,919
Total Deferred Outflows of Resources	<u>3,668,596</u>	<u>-</u>	<u>3,668,596</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	32,011,980	36,424	32,048,404
Restricted for:			
Capital Projects	4,048,818		4,048,818
Other Purposes	8,131,308		8,131,308
Unrestricted (Deficit)	(10,418,149)	(34,571)	(10,452,720)
Total Net Position (Deficit)	<u>\$ 33,773,957</u>	<u>1,853</u>	<u>33,775,810</u>

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, 2019**

Function/Programs	Program Revenue					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Indirect Costs Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	18,477,816	6,288,249	11,286,716	3,660,607	(9,818,742)	-	(9,818,742)
Special Education	4,611,269	1,569,277		1,932,921	(4,247,625)		(4,247,625)
Other Special Instruction	2,078,078	707,198		411,685	(2,373,591)		(2,373,591)
Support Services:							
Tuition	393,566				(393,566)		(393,566)
Student & Instruction Related Services	4,413,667	1,799,280		389,890	(5,823,057)		(5,823,057)
General Administration and Business Services	852,498	347,531		38,413	(1,161,616)		(1,161,616)
School Administrative Services	1,362,032	555,247		61,372	(1,855,907)		(1,855,907)
Plant Operation and Maintenance	5,735,947	2,031,848		246,977	(7,520,818)		(7,520,818)
Pupil Transportation	1,080,053				(1,080,053)		(1,080,053)
Central Services	644,850	261,225		28,874	(877,201)		(877,201)
Unallocated Benefits	13,559,855	(13,559,855)			-		-
Charter Schools	30,300				(30,300)		(30,300)
Interest on Long-Term Debt	11,712				(11,712)		(11,712)
<b>Total Governmental Activities</b>	<b>53,251,643</b>	<b>-</b>	<b>11,286,716</b>	<b>6,770,739</b>	<b>(35,194,188)</b>	<b>-</b>	<b>(35,194,188)</b>
<b>Business-Type Activities:</b>							
Food Service	709,751	-	362,142	215,701	-	(131,908)	(131,908)
<b>Total Business-Type Activities</b>	<b>709,751</b>	<b>-</b>	<b>362,142</b>	<b>215,701</b>	<b>-</b>	<b>(131,908)</b>	<b>(131,908)</b>
<b>Total Primary Government</b>	<b>53,961,394</b>	<b>-</b>	<b>11,648,858</b>	<b>6,986,440</b>	<b>(35,194,188)</b>	<b>(131,908)</b>	<b>(35,326,096)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, Levied for General Purpose:					22,612,380		22,612,380
Taxes Levied for Debt Service					2,641,073		2,641,073
Federal and State Aid not Restricted					9,392,318		9,392,318
Investment Earnings					3,000	7,273	10,273
Miscellaneous Income					281,850		281,850
Transfers					(120,000)	120,000	-
Special Items:							
Contributed Fixed Assets						-	-
Total General Revenues, Special Items, Extraordinary Items and Transfers					34,810,621	127,273	34,937,894
Change in Net Position					(383,567)	(4,634)	(388,201)
Net Position (Deficit) - Beginning					34,157,524	6,487	34,164,011
Net Position (Deficit) - Ending					33,773,957	1,853	33,775,810

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, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 11,219,564				11,219,564
Due from Other Funds	1,482,787				1,482,787
Receivables from Other Governments	541,458	357,396			898,854
Other Receivables	56,289	7,000			63,289
<b>Total Assets</b>	<b>13,300,098</b>	<b>364,396</b>	<b>-</b>	<b>-</b>	<b>13,664,494</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	288,185	106,714			394,899
Due to Other Funds		78,958			78,958
Payable to State Government		195			195
Unearned Revenue		127,854			127,854
<b>Total Liabilities</b>	<b>288,185</b>	<b>313,721</b>	<b>-</b>	<b>-</b>	<b>601,906</b>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	862,255				862,255
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	929,587				929,587
Capital Projects Fund			-		-
Debt Service				-	-
Committed to:					
Capital Reserve	4,048,818				4,048,818
Maintenance Reserve	2,594,684				2,594,684
Tuition Reserve	3,400,000				3,400,000
Emergency Reserve	422,732				422,732
Assigned to:					
Designated for Subsequent Year's Expenditures	-				-
Other Purposes	95,501				95,501
Unassigned					
General Fund	658,336				658,336
Special Revenue Fund		50,675			50,675
	<b>13,011,913</b>	<b>50,675</b>	<b>-</b>	<b>-</b>	<b>13,062,588</b>
<b>Total Liabilities and Fund Balances</b>	<b>13,300,098</b>	<b>364,396</b>	<b>-</b>	<b>-</b>	

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 \$68,101,946 and the accumulated depreciation is \$26,058,645.	42,043,301
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.	(90,919)
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(77,950)
Pension Liabilities Net of Deferred Outflows & Inflows	(11,222,661)
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.	(9,940,402)
Net Position of governmental activities	<u>33,773,957</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, 2019**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
Local Sources:				
Local Tax Levy	\$ 22,612,380	-	2,641,073	25,253,453
Tuition Charges	11,286,716			11,286,716
Interest Earned on Investments	3,000			3,000
Miscellaneous	281,850	137,686		419,536
Total Local Sources	34,183,946	137,686	2,641,073	36,962,705
State Sources	10,797,632	244,321		11,041,953
Federal Sources	42,801	901,466		944,267
Total Revenues	45,024,379	1,283,473	2,641,073	48,948,925
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	14,568,061			14,568,061
Special Education Instruction	2,616,171	1,019,391		3,635,562
Other Special Instruction	1,638,373			1,638,373
Support Services:				
Tuition	393,566			393,566
Student & Instruction Related Serv.	3,977,401	191,013		4,168,414
General Administrative Services	805,128			805,128
School Administrative Services	1,286,348			1,286,348
Plant Operation and Maintenance	4,707,207			4,707,207
Pupil Transportation	1,084,115			1,084,115
Central Services	605,182			605,182
Unallocated Employee Benefits	13,559,855			13,559,855
Transfer to Charter School	30,300			30,300
Debt Service:				
Principal			2,350,000	2,350,000
Interest and Other Charges			421,455	421,455
Capital Outlay	1,515,473	22,394		1,537,867
Total Expenditures	46,787,180	1,232,798	2,771,455	50,791,433
Excess (Deficiency) of Revenues Over Expenditures	(1,762,801)	50,675	(130,382)	(1,842,508)
<b>OTHER FINANCING SOURCES (USES)</b>				
Cancellation of Prior Year Grant				-
Transfer in	-		-	-
Transfer out	(120,000)			(120,000)
Total Other Financing Sources and Uses	(120,000)	-	-	(120,000)
Net Changes in Fund Balance	(1,882,801)	50,675	(130,382)	(1,962,508)
Fund Balance - July 1	14,894,714	-	130,382	15,025,096
Fund Balance - June 30	\$ 13,011,913	50,675	-	13,062,588

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, 2019**

Total Net Change in Fund Balance - Governmental Funds (from B-2)		(1,962,508)
<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	(1,910,207)	
Capital Outlay	449,401	(1,460,806)
<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>		
		2,350,000
<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	356,960	
Amortization of Gain on Refunding Bonds	27,783	384,743
<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	486,577	
Cost of benefits earned net of employee contributions	(417,413)	69,164
<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>		
		210,839
<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>		
		25,000
Change in Net Position of Governmental Activities		(383,568)

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, 2019**

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	1,363,759	1,363,759
Intergovernmental Accounts Receivable	36,167	36,167
Inventories	3,840	3,840
Total Current Assets	1,403,766	1,403,766
Noncurrent Assets:		
Furniture, Machinery & Equipment	234,654	234,654
Less: Accumulated Depreciation	(198,230)	(198,230)
Total Noncurrent Assets	36,424	36,424
Total Assets	1,440,190	1,440,190
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	24,929	24,929
Interfund Payable	1,403,829	1,403,829
Unearned Revenue	9,579	9,579
Total Current Liabilities	1,438,337	1,438,337
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Related Debt	36,424	36,424
Unrestricted	(34,571)	(34,571)
Total Net Position	1,853	1,853

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, 2019**

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
Operating Revenues:		
Charges for Services:		
Reimbursable Program Daily Sales	\$ 139,294	139,294
Other Daily Sales	196,673	196,673
Special Functions	20,957	20,957
Vending Machine Commissions	5,218	5,218
Total Operating Revenue	<u>362,142</u>	<u>362,142</u>
Operating Expenses:		
Cost of Sales-Reimbursable	118,855	118,855
Cost of Sales- Non Reimbursable	74,611	74,611
Salaries and Benefits	438,265	438,265
Direct Costs	34,973	34,973
Administration Fee	16,704	16,704
Management Fee	6,680	6,680
Depreciation	14,912	14,912
Miscellaneous	4,751	4,751
Total Operating Expenses	<u>709,751</u>	<u>709,751</u>
Operating (Loss)	(347,609)	(347,609)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	4,466	4,466
Federal Sources:		
National School Lunch Program	160,250	160,250
School Breakfast Program	24,407	24,407
Food Distribution Program	26,578	26,578
Interest and Investment Income	7,273	7,273
Total Nonoperating Revenues (Expenses)	<u>222,974</u>	<u>222,974</u>
Income (Loss) before Contributions & Transfers	(124,634)	(124,634)
Fixed Asset Contributions		-
Transfers In (Out)	120,000	120,000
Changes in Net Position	(4,634)	(4,634)
Total Net Position - Beginning	<u>6,487</u>	<u>6,487</u>
Total Net Deficit - Ending	<u>\$ 1,853</u>	<u>1,853</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, 2019**

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Other Income	364,064	364,064
Payments for Food and Supplies	(249,509)	(249,509)
Payments for Employees and Benefits	(215,950)	(215,950)
Net Cash Provided by Operating Activities	<u>(101,395)</u>	<u>(101,395)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	4,660	4,660
Federal Sources	228,416	228,416
Interfunds	120,000	120,000
Net Cash Provided by Noncapital Financing Activities	<u>353,076</u>	<u>353,076</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest and Dividends	7,273	7,273
Net Cash Provided by Investing Activities	<u>7,273</u>	<u>7,273</u>
Net Increase in Cash and Cash Equivalents	258,955	258,955
Balance - Beginning of Year	<u>1,104,804</u>	<u>1,104,804</u>
Balance - End of Year	<u><u>1,363,759</u></u>	<u><u>1,363,759</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income	(347,609)	(347,609)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Net Amortization	14,912	14,912
(Increase) Decrease in Inventories	(71)	(71)
Increase (Decrease) in Accounts Payable	7,137	7,137
Increase (Decrease) in Unearned Revenue	1,922	1,922
Increase (Decrease) in Interfunds	<u>222,314</u>	<u>222,314</u>
Total Adjustments	<u>246,214</u>	<u>246,214</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>(101,395)</u></u>	<u><u>(101,395)</u></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, 2019**

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 397,167	104,216	369,734
Investments, at Fair Value:			
Certificates of Deposit	-	-	-
Total Investments	-	-	-
Interfund Receivable	-	-	-
Total Assets	397,167	104,216	369,734
<b>LIABILITIES</b>			
Accounts Payable	300		
Payable to Student Groups			288,886
Payroll Deductions and Withholdings			80,848
Total Liabilities	300	-	369,734
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	\$ 396,867		
Reserved for Scholarships		104,216	

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, 2019**

	Unemployment Compensation	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Contributions:		
Plan Member	29,295	-
Other		106,530
Total Contributions	29,295	106,530
Investment Earnings:		
Interest	1,228	549
Total Additions	30,523	107,079
<b>DEDUCTIONS</b>		
Unemployment Claims	6,526	-
Annual Assessment	1,523	
Scholarships Awarded	-	85,350
Total Deductions	8,049	85,350
Changes in Net Position	22,474	21,729
Net Position - Beginning of the Year	374,393	82,487
Net Position - End of the Year	396,867	104,216

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, 2019**

**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, 2019 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, 2019**

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, 2019**

- 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, 2019**

**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, 2019**

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, 2019, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	3,591
Supplies		249
	\$	3,840

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, 2019 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, 2019**

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, 2019**

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

Regular Programs-Home Instruction	
Purchased Professional-Educational Services	135,000
Regular Programs-Undistributed Instruction	
General Supplies	(113,920)
Undistributed Expend.- Edu. Media Serv./Sch Lib.	
Salaries	78,000
Undistributed Expend.- Supp. Serv.-General Admin.	
Miscellaneous Expenditures	81,000
Undistributed Expend.- Required Maint. School Fac.	
Cleaning, Repair and Maintenance	96,375
Unallocated Benefites- Employee Benefits	
Health Benefits	(164,000)
Unused Sick Payment to Terminated/Retired	177,907
Facilities Acquisition and Construction Services	
Other Purchased Prof. and Tech. Services	180,007

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 2018/19 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, 2019**

**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 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 March 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.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, “Conduit Debt Obligations”. This statement is effective for fiscal periods beginning after December 15, 2020, 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, 2019, \$939,893 of the District’s bank balance of \$15,844,209 was exposed to custodial credit risk.

**NOTE 3 - INVESTMENTS**

As of June 30, 2019, the District had the following investments:

	<b>Maturities</b>	<b>Fair Value</b>
	<hr/>	<hr/>
Certificate of Deposit	October 9, 2019	\$ 14,016
Certificate of Deposit	November 25, 2019	17,696
Total		<hr/> \$ 31,712 <hr/>

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**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, 2019, 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	\$ 898,854	898,854
Due from Other Funds	1,482,787	
Other	63,289	
Gross Receivables	2,444,930	898,854
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 2,444,930	898,854

**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, 2019:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,482,788	
Special Revenue Fund		78,958
Food Service Fund		1,403,830
	\$ 1,482,788	1,482,788

The general fund receivable is comprised of two interfunds. The first is due from the special revenue fund in the amount of \$78,958 which is a result of the general fund paying expenses for the special revenue

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fund. The second interfund of \$1,403,830 owed to the General Fund from the Food Service Fund for expenses paid by the general fund on behalf of the food service fund.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
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	3,324,301	449,401	(9,744)	3,763,958
Total capital assets being depreciated at historical cost	<u>66,782,539</u>	<u>449,401</u>	<u>(9,744)</u>	<u>67,222,196</u>
Less accumulated depreciation for:				
Land Improvements	(403,518)	(22,023)		(425,541)
Buildings and improvements	(21,141,311)	(1,534,788)		(22,676,099)
Equipment	(2,613,353)	(353,396)	9,744	(2,957,005)
Total capital assets being depreciated, net of accumulated depreciation	<u>(24,158,182)</u>	<u>(1,910,207)</u>	<u>9,744</u>	<u>(26,058,645)</u>
Governmental activity capital assets, net	<u>43,504,107</u>	<u>(1,460,806)</u>	<u>-</u>	<u>42,043,301</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Equipment	234,654		-	234,654
Less accumulated depreciation	(183,320)	(14,912)	-	(198,232)
Enterprise Fund capital assets, net	<u>51,334</u>	<u>(14,912)</u>	<u>-</u>	<u>36,422</u>
Grand Total	<u>\$ 43,555,441</u>	<u>(1,475,718)</u>	<u>-</u>	<u>42,079,723</u>

Depreciation expense was charged to governmental functions:

Regular Instruction	\$ 1,041,972
Special Education Instruction	260,032
Other Special Instruction	117,184
Student and Instruction Related Services	289,143
School Administrative Services	92,005
General and Business Administrative Services	57,586
Central Services	43,285
	<u>\$ 1,901,207</u>

No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$421,455, for the entity wide statements this was modified by the change in accrued interest of \$24,999; an amortization of premium on bond sale of (\$356,960); an amortization of gain on refunding \$27,783 and the state charge back to the District for debt service aid of \$150,466 for a total charge of \$113,754.

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**NOTE 7 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Issues or Additions	Payments or Expenditures	Balance June 30, 2019	Amounts Due Within One Year
Compensated Absences	\$ 1,442,101	117,519	328,358	1,231,262	
Bonds Payable	9,891,000		2,350,000	7,541,000	2,484,000
Net Pension Liability	11,116,373	(998,067)	486,577	9,631,729	
Unamortized Costs:					
Bond Premiums	1,525,101		356,960	1,168,141	
	<u>\$ 23,974,575</u>	<u>(880,548)</u>	<u>3,521,895</u>	<u>19,572,132</u>	<u>2,484,000</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, 2019 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, 2019 is \$379,000.

\$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, 2019 is \$1,517,000.

\$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, 2019 is \$5,645,000.

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, 2019 is \$27,783 and the remaining deferred inflow of resources is \$90,919.

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Debt service requirements on serial bonds payable at June 30, 2019 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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
	<b>\$ 7,541,000</b>	<b>682,283</b>	<b>8,223,283</b>

**NOTE 8 – OPERATING LEASES**

The District has commitments to lease certain office equipment under operating leases that expire in fiscal year 2019. Total operating lease payments made during the year ended June 30, 2019 were \$44,366. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2020	44,366
2021	35,373
Total future minimum lease payments	<b>\$ 79,739</b>

**NOTE 9 – UNEARNED REVENUE**

The District has unearned revenue reflected on the Statement of Net Position in the District-Wide Financial Statements of \$188,108. This consists of unearned revenue of \$178,529 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 \$9,579 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, 2019.

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 7.5% 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 7.5% and the PERS rate is 7.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2019, 2018 and 2017 were \$1,400,072, \$1,402,305 and \$1,381,791 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, 2019, 2018 and 2017 were \$489,235, \$449,645 and \$434,893 respectively, equal to the required contributions for each year.

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The Board's total payroll for the year ended June 30, 2019 was \$23,064,699. The TPAF covered payroll was \$19,507,858 and the PERS covered payroll was \$3,556,841. Information for prior years was not available.

During the fiscal years ended June 30, 2019, 2018 and 2017, the State of New Jersey contributed \$1,640,852, \$1,791,076 and \$1,727,596, 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 \$3,617,411, \$2,773,084, and \$2,073,379, 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 \$2,893 for long-term disability insurance contribution in 2019. 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



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

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

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

**NOTE 11 – PUBLIC EMPLOYEES RETIREMENT SYSTEM**

At June 30, 2019, the District reported a liability of \$9,631,729.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was .04891809500%, which was an increase of 2.44% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$417,413.00. 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	\$ 183,679	\$ (49,664)
Changes of assumptions	1,587,149	(3,079,715)
Net difference between projected and actual earnings on pension plan investments		(90,346)
Changes in proportion and differences between District contributions and proportionate share of contributions	215,918	(357,952)
District contributions subsequent to the measurement date	486,577	
Total	<u>\$ 2,473,323</u>	<u>\$ (3,577,677)</u>

\$486,577.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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	\$ 64,193.00
2020	(110,017.00)
2021	(705,645.00)
2022	(632,210.00)
2023	(207,252.00)
Total	<u>\$ (1,590,931.00)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. 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%

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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 using a generational approach based on the Conduent modified 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 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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, 2018) 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

*Discount Rate*

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The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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, 2018, 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 (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the net pension liability	\$ 11,579,775	9,631,729	7,998,425.46

*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, 2019, 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>116,958,003.00</u>
Total	<u>\$ 116,958,003.00</u>

The net pension liability was measured as of June 30, 2018 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, 2018, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2017.

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For the year ended June 30, 2019, the District recognized pension expense of \$6,818,243.00 and revenue of \$6,818,243.00 for support provided by the State. At June 30, 2018, 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	\$ 2,611,033.00	176,913.00
Changes of assumptions	20,321,744.00	29,559,918
Net difference between projected and actual earnings on pension plan investments		10,652.00
Changes in proportion and differences between District contributions and proportionate share of contributions	3,014,022.00	
District contributions subsequent to the measurement date	<u>2,779,092.00</u>	
Total	<u>\$ 28,725,891.00</u>	<u>29,747,483.00</u>

\$2,779,092.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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	\$ 411,748.00
2020	214,225.00
2021	(228,571.00)
2022	(153,006.00)
2023	(753,663.00)
Thereafter	<u>(3,291,417.00)</u>
Total	<u>\$ (3,800,684.00)</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.25%
Salary increases	
2012-2021	1.55-4.55%
Thereafter	2.00-5.45%
Investment rate of return	7.00%

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Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return.</u>
Risk Mitigation Services	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 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 4.86% as of June 30, 2018. 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 3.78% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% 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

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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 District's proportionate share of the net pension liability calculated using the discount rate of 4.86% 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 (3.86%) or 1-percentage point higher (5.86%) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
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**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirement. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, and increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

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.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*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. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

*Actuarial assumptions and other imputes:*

The total OPEB liability in the June 30, 2018 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 discount rate basis under GASB 75 is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate will be based on this index rate that is reported on the last Friday prior to the measurement date.

The discount rates as of June 30, 2016, 2017, and 2018 are 2.58%, 3.58%, and 3.87%, respectively.

**Health Care Trend:** For pre-Medicare PPO medical benefits, the initial amount is 5.8% and decreases to 5.0% long term trend rate after 8 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after 8 years. For prescription drug benefits, the initial trend rate is 8% decreasing to a 5.0% long-term trend rate after 7 years.

**Salary Scale:** The salary scale assumptions in the calculation of Entry Age Normal (Level Percent) liability and normal costs 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 RP-2006 headcount-weighted mortality table for healthy and disabled lives with fully generational mortality improvement projections from the central year using Scale MP-2017.

**Pre-retirement Healthy Mortality:** RP-2006 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-2006 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

**Disabled Mortality:** RP-2006 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, 2019**

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

Balance at 6/30/17	\$	53,639,841,858
Changes for the year:		
Service cost		1,984,642,729
Interest		1,970,236,232
Differences between Expected & Actual Experiences		(5,002,065,740)
Changes in assumptions or other inputs		(5,291,448,855)
Contributions: Member		42,614,005
Benefit payments		<u>(1,232,987,247)</u>
Net changes		<u>(7,529,008,876)</u>
Balance at 6/30/18	<u>\$</u>	<u>46,110,832,982</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

*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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB Liability (School Retirees)	54,512,391,175	46,110,832,982	39,432,461,816

*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 OPB 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)	38,113,289,045	46,110,832,982	56,687,891,003

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$3,289,865 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, 2019**

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, 2018, 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	\$ -	\$ (4,476,086,167)
Changes of assumptions		(10,335,978,867)
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		
<b>Total</b>	<b>\$ -</b>	<b>(14,812,065,034)</b>

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	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
Total	<u>\$ (14,812,065,034)</u>

(Contributions made after June 30, 2018 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, 2019, 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, 2019**

**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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018		\$	4,672,818
Deposits			
Interest earned	\$	1,000	
Board Resolution - June		175,000	
			<u>176,000</u>
Withdrawals:			
Withdrawal by Budget			<u>(800,000)</u>
Ending balance, June 30, 2019		\$	<u>4,048,818</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, 2019**

The activity of the Maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 2,543,684
Interest earned	1,000
Excess Surplus Transfer by	
Board Resolution	400,000
Withdrawal by Budget	<u>(350,000)</u>
Ending balance, June 30, 2019	<u><u>\$2,594,684</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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 3,100,000
Excess Surplus Transfer by	
Board Resolution	1,500,000
Withdrawal by Budget	<u>(1,200,000)</u>
Ending balance, June 30, 2019	<u><u>\$3,400,000</u></u>

Of the balance of \$3,400,000 in the reserve; \$1,900,000 is appropriated for tuition adjustments in the FY 2020 district budget and \$1,500,000 is available to be appropriated in the FY 2021 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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 421,732
Interest earned	1,000
Excess Surplus Transfer by	
Board Resolution	150,000
Withdrawal by Budget	<u>(150,000)</u>
Ending balance, June 30, 2019	<u><u>\$422,732</u></u>

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 20 – COMMITMENTS**

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

Fund	Amount
General Fund Encumbered Orders	\$ 95,501
Special Revenue Fund - Encumbered Orders	
	\$ 95,501
	\$ 95,501

Of the general fund encumbrances, \$18,732 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
2018-2019	\$ 29,295	1,228	8,049	396,867
2017-2018	39,695	391	12,932	374,393
2016-2017	33,337	267	23,400	347,239

**NOTE 22 – CONTINGENT LIABILITIES**

Federal and State Grants

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

**NOTE 23 – FUND BALANCE APPROPRIATED**

General Fund – Of the \$13,362,752 General Fund fund balance, at June 30, 2019, \$95,501 is reserved for encumbrances; \$929,587 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$862,255 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

year ending June 30, 2019), \$4,048,818 has been reserved in the Capital Reserve Account; \$2,594,684 has been reserved in a Maintenance Reserve Account; \$3,400,000 has been reserved in a Tuition Reserve Account; \$422,732 has been reserved in an Emergency Reserve Account; and \$1,009,175 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, 2019 is \$1,791,842, of which \$862,255 has been included in the 2020 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, 2019 through November 22, 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, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 22,612,380		22,612,380	22,612,380	-
Tuition	11,286,716		11,286,716	11,286,716	-
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	106,932		106,932	281,850	174,918
Total Local Sources	34,009,028	-	34,009,028	34,183,946	174,918
State Sources:					
Categorical Special Education Aid	723,537		723,537	723,537	-
School Choice Aid	2,770,606		2,770,606	2,770,606	-
Security Aid	203,070		203,070	203,070	-
Transportation Aid	252,189		252,189	252,189	-
Extraordinary Aid			-	199,406	199,406
Other State Aids			-	7,250	7,250
TPAF Pension (On-Behalf - Non-Budgeted)			-	3,617,411	3,617,411
TPAF Post-retirement (On-Behalf - Non-Budgeted)			-	1,640,852	1,640,852
TPAF Long Term Disability Insurance			-	2,893	2,893
TPAF Social Security (Reimbursed-Non-Budgeted)			-	1,400,072	1,400,072
Total State Sources	3,949,402	-	3,949,402	10,817,286	6,867,884
Federal Sources:					
Medicaid Reimbursement	26,900		26,900	42,801	15,901
Total Federal Sources	26,900	-	26,900	42,801	15,901
Total Revenues	37,985,330	-	37,985,330	45,044,033	7,058,703

**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>REGULAR PROGRAMS - INSTRUCTION</b>					
Kindergarten - Salaries of Teachers	311,244		311,244	280,952	30,292
Grades 1 - 5 Salaries of Teachers	2,825,381	-	2,825,381	2,808,310	17,071
Grades 6 - 8 Salaries of Teachers	2,270,571	-	2,270,571	2,150,995	119,576
Grades 9 - 12 Salaries of Teachers	8,307,871	(11,500)	8,296,371	8,081,875	214,496
Regular Programs - Home Instruction					
Salaries of Teachers	75,000	4,000	79,000	78,520	480
Purchased Professional - Educational Services	40,000	135,000	175,000	174,524	476
Other Purchased Services (400-500 series)	5,000		5,000	3,222	1,778
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	3,500	3,700	7,200	7,163	37
Purchased Technical Services	265,345	(42,200)	223,145	87,814	135,331
Other Purchased Services (400-500 series)	203,024	(9,435)	193,589	90,096	103,493
General Supplies	867,792	(113,920)	753,872	665,928	87,944
Textbooks	140,483	(1,000)	139,483	130,668	8,815
Other Objects	11,200		11,200	7,994	3,206
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>15,326,411</b>	<b>(35,355)</b>	<b>15,291,056</b>	<b>14,568,061</b>	<b>722,995</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Learning and or Language Disabilities					
Salaries of Teachers	216,311	1,120	217,431	217,431	-
Other Salaries for Instruction	44,175	(1,120)	43,055	2,160	40,895
General Supplies	10,000		10,000	9,393	607
Total Learning and or Language Disabilities	270,486	-	270,486	228,984	41,502

**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Behavioral Disabilities					
Salaries of Teachers	113,683		113,683	111,933	1,750
Other Salaries for Instruction	21,684		21,684	21,662	22
General Supplies	500	(150)	350		350
Total Behavioral Disabilities	135,867	(150)	135,717	133,595	2,122
Multiple Disabilities					
Salaries of Teachers	320,872	(300)	320,572	290,183	30,389
Other Salaries for Instruction	81,626	(1,000)	80,626	73,624	7,002
General Supplies	3,266	1,450	4,716	4,513	203
Total Multiple Disabilities	405,764	150	405,914	368,320	37,594
Resource Room/Resource Center					
Salaries of Teachers	1,777,216		1,777,216	1,750,094	27,122
Other Salaries for Instruction	27,684	(12,300)	15,384		15,384
General Supplies	5,198		5,198	4,783	415
Total Resource Room/Resource Center	1,810,098	(12,300)	1,797,798	1,754,877	42,921
Preschool Disabilities - Part-Time					
Salaries of Teachers	92,944		105,244	104,877	367
Other Salaries for Instruction	28,611		28,611	25,518	3,093
General Supplies	1,800		1,800		1,800
Total Preschool Disabilities - Part-Time	123,355	12,300	135,655	130,395	5,260
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,745,570</b>	<b>-</b>	<b>2,745,570</b>	<b>2,616,171</b>	<b>129,399</b>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	210,453		210,453	205,584	4,869
Total Basic Skills/Remedial - Instruction	210,453	-	210,453	205,584	4,869
Bilingual Education - Instruction					
Salaries of Teachers	157,115		157,115	149,452	7,663
General Supplies	3,200		3,200	730	2,470
Total Bilingual Education - Instruction	160,315	-	160,315	150,182	10,133

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Cocurricular Activities - Instruction					
Salaries	206,200	5,400	211,600	211,389	211
Supplies & Materials	2,400	(2,000)	400		400
Transfers to Cover Deficit (Agency Funds)	54,000	(3,400)	50,600	41,914	8,686
<b>Total School-Spon. Cocurricular Activities - Inst.</b>	<b>262,600</b>	<b>-</b>	<b>262,600</b>	<b>253,303</b>	<b>9,297</b>
School-Spon. Cocurricular Athletics - Instruction					
Salaries	481,398		481,398	478,574	2,824
Other Purchased Services (400-500 series)	157,405	5,070	162,475	147,439	15,036
Supplies & Materials	132,400	18,768	151,168	127,022	24,146
Other Objects	8,500		8,500	4,722	3,778
Transfers to Cover Deficit (Agency Funds)	76,510		76,510	58,586	17,924
<b>Total School-Spon. Cocurricular Athletics - Inst.</b>	<b>856,213</b>	<b>23,838</b>	<b>880,051</b>	<b>816,343</b>	<b>63,708</b>
Other Instructional Programs - Instruction					
Other Purchased Services (400-500 series)	1,425		1,425	100	1,325
Supplies & Materials	3,000		3,000		3,000
Other Objects	439		439		439
<b>Total Other Instructional Programs - Instruction</b>	<b>4,864</b>	<b>-</b>	<b>4,864</b>	<b>100</b>	<b>4,764</b>
Alternative Education Program- Instruction					
Salaries of Teacher	304,240		304,240	212,861	91,379
<b>Total Alternative Education Program-Instructional</b>	<b>304,240</b>	<b>-</b>	<b>304,240</b>	<b>212,861</b>	<b>91,379</b>
<b>TOTAL INSTRUCTION</b>	<b>19,870,666</b>	<b>(11,517)</b>	<b>19,859,149</b>	<b>18,822,605</b>	<b>1,036,544</b>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>UNDISTRIBUTED EXPENDITURES</b>					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	65,000	(17,860)	47,140	5,322	41,818
Tuition to Other LEAs Within the State-Special	60,000	(47,589)	12,411		12,411
Tuition to County Voc. School Dist. - Regular	13,345		13,345	13,345	-
Tuition to CSSD & Regional Day Schools	222,039	47,589	269,628	269,627	1
Tuition to Private Schools for the Disabled - Within State	122,000		-		-
Tuition to State Facilities	33,000		122,000	105,272	16,728
Total Undistributed Expenditures - Instruction	<u>515,384</u>	<u>(17,860)</u>	<u>497,524</u>	<u>393,566</u>	<u>103,958</u>
Undistributed Expend. - Attend. & Social Worker					
Salaries	75,961	300	76,261	76,228	33
Purchased Professional and Technical Services	72,000	(300)	71,700	54,713	16,987
Total Undist. Expend. - Attend. & Social Worker	<u>147,961</u>	<u>-</u>	<u>147,961</u>	<u>130,941</u>	<u>17,020</u>
Undistributed Expend. - Health Services					
Salaries	345,231	-	345,231	297,819	47,412
Purchased Professional and Technical Services	15,000		15,000	14,400	600
Other Purchased Services (400-500 series)	1,000	227	1,227	400	827
Supplies & Materials	9,750	-	9,750	8,094	1,656
Other Objects	1,000		1,000	255	745
Total Undistributed Expend. - Health Services	<u>371,981</u>	<u>227</u>	<u>372,208</u>	<u>320,968</u>	<u>51,240</u>
Undist. Expend. - Speech, PT, OT & Related Services					
Salaries	188,526		188,526	185,566	2,960
Purchased Professionals - Educational Services	168,000	37,000	205,000	204,754	246
Supplies & Materials	2,718		2,718	104	2,614
Total Undist. Expend.-Speech, PT, OT & Rel. Svces	<u>359,244</u>	<u>37,000</u>	<u>396,244</u>	<u>390,424</u>	<u>5,820</u>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	246,669	(32,000)	214,669	190,584	24,085
Purchased Professional-Educational Services	25,000	(2,000)	23,000	19,524	3,476
Total Undist. Expend. - Other Support Services	5,000	(3,000)	2,000	2,000	2,000
Students - Extraordinary Services	276,669	(37,000)	239,669	210,108	29,561
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	852,843	(30,225)	822,618	780,595	42,023
Salaries of Secretarial and Clerical Assistants	105,531	(400)	105,131	99,438	5,693
Other Purchased Services (400-500 series)	38,800	1,832	40,632	31,956	8,676
Supplies & Materials	9,550	(975)	8,575	8,344	231
Other Objects	1,250		1,250		1,250
Total Undistributed Expend. - Guidance	1,007,974	(29,768)	978,206	920,333	57,873
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	654,047	-	654,047	631,722	22,325
Salaries of Secretarial and Clerical Assistants	139,880		139,880	138,618	1,262
Purchased Professional - Education Services	87,200	900	88,100	76,319	11,781
Other Purchased Prof. And Tech. Services	18,500		18,500	7,400	11,100
Miscellaneous Purchased Services (400-500 series)	17,000		17,000	4,759	12,241
Supplies & Materials	17,475		17,475	13,663	3,812
Other Objects	1,000		1,000	353	647
Total Undist. Expend. - Child Study Teams	935,102	900	936,002	872,834	63,168
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisor of Instruction	122,936	2,900	125,836	125,807	29
Salaries of Secr and Clerical Assist.	22,233		22,233	22,218	15
Other Salaries	40,000	(2,900)	37,100	14,112	22,988
Other Purch Prof. and Tech. Services	36,105		36,105	16,003	20,102
Other Purchased Services (400-500 series)	500		500		500
Supplies & Materials	3,000	160	3,160	582	2,578
Other Objects	2,500		2,500	2,080	420
Total Undist. Expend. - Improvement of Inst. Serv.	227,274	160	227,434	180,802	46,632



**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	630,539	78,000	708,539	673,105	35,434
Purchased Professional and Technical Services	74,350	(4,040)	70,310	63,491	6,819
Other Purchased Services (400-500 series)	400		400	396	4
Supplies & Materials	48,680	4,040	52,720	52,250	470
Other Objects	2,500		2,500	220	2,280
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>756,469</b>	<b>78,000</b>	<b>834,469</b>	<b>789,462</b>	<b>45,007</b>
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors Inst.	122,937	2,900	125,837	125,807	30
Purchased Professional - Educational Services	94,000	(2,900)	91,100	25,747	65,353
Other Purchased Services (400-500 series)	18,700	-	18,700	9,343	9,357
Supplies and Materials	1,000		1,000	632	368
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>236,637</b>	<b>-</b>	<b>236,637</b>	<b>161,529</b>	<b>75,108</b>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	260,749	5,000	265,749	243,424	22,325
Legal Services	150,000	(36,000)	114,000	108,635	5,365
Audit Fees	30,000	(2,325)	27,675	23,900	3,775
Architectural/Engineering Services	34,000	7,720	41,720	41,639	81
Other Purchased Professional Services	24,000	(10,000)	14,000	4,300	9,700
Purchased Technical Services	15,440	8,540	23,980	23,980	-
Communications/Telephone	162,000	(39,900)	122,100	117,875	4,225
BOE Other Purchased Services	7,150	3,500	10,650	10,555	95
Admin/Equipment Leases	3,000		3,000	2,815	185
Insurance Premiums	51,000	(400)	50,600	50,323	277
Other Purchased Services (400-500 series)	62,000	3,175	65,175	65,161	14
Travel	2,500		2,500	1,261	1,239
General Supplies	8,000		8,000	6,352	1,648
BOE In-house Train/Meeting Supplies	500		500	500	0
Judgments Against the School	5,000	(1,000)	4,000		4,000
Miscellaneous Expenditures	5,000	81,000	86,000	85,858	142
BOE Membership Dues/Fees	19,500		19,500	19,050	450
<b>Total Undistr. Expend. - Support Sys - Gen.Admin.</b>	<b>839,839</b>	<b>19,310</b>	<b>859,149</b>	<b>805,128</b>	<b>54,021</b>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

	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.	894,559	28,050	922,609	916,947	5,662
Salaries of Secretarial Asst.	290,761	1,800	292,561	285,271	7,290
Purchased Professional and Technical Services	1,000		1,000		1,000
Other Purchased Services (400-500 series)	41,200	150	41,350	28,444	12,906
Supplies and Materials	57,365		57,365	51,829	5,536
Other Objects	5,800		5,800	3,857	1,943
Total Undistributed Expenditures - Support Services - School Administration	1,290,685	30,000	1,320,685	1,286,348	34,337
Undist. Expend. - Central Services					
Salaries	478,475	20,000	498,475	497,939	536
Purchased Professional Services	21,065	4,400	25,465	25,429	36
Purchased Technical Services	20,400		20,400	19,851	549
Miscellaneous Purchased Services	20,500	(50)	20,450	11,755	8,695
Supplies and Materials	10,000	996	10,996	1,706	9,290
Miscellaneous Expenditures	4,200		4,200	2,990	1,210
Total Undistributed Expenditures - Central Services	554,640	25,346	579,986	559,670	20,316
Undist. Expend. - Admin Info Tech.					
Salaries	75,355		75,355		75,355
Purchased Technical Services	28,500	4,400	32,900	32,802	98
Other Purchased Services (400-500 series)	400		400		400
Supplies and Materials	15,000	1,033	16,033	12,710	3,323
Total Undistributed Expenditures - Admin Info. Tech.	119,255	5,433	124,688	45,512	79,176
Undist. Expend. - Required Maint. School Fac.					
Salaries	294,764	-	294,764	288,155	6,609
Cleaning, Repair and Maintenance Services	590,275	96,375	686,650	666,509	20,141
General Supplies	144,175	54,139	198,314	183,220	15,094
Other Objects	2,580		2,580	1,364	1,216
Total Undistributed Expenditures - Required Maintenance for School Facilities	1,031,794	150,514	1,182,308	1,139,248	43,060

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Custodial Services					
Salaries	1,239,764	(13,000)	1,226,764	1,221,321	5,443
Salaries - Non- Instructional Aides	122,903	(5,000)	117,903	110,815	7,088
Purchased Professional and Technical Services	53,050		53,050	48,596	4,454
Cleaning, Repair and Maintenance Services	76,200	(5,500)	70,700	53,140	17,560
Rental of Land and Buildings	1,500		1,500	1,220	280
Other Purchased Property Services	111,998	(10,000)	101,998	93,082	8,916
Insurance	243,224	-	243,224	234,816	8,408
Miscellaneous Purchased Services	8,500	(2,600)	5,900	2,025	3,875
General Supplies	138,500	12,919	151,419	144,263	7,156
Energy (Electricity)	963,000	(8,100)	954,900	953,839	1,061
Other Objects	5,530	-	5,530	4,086	1,444
Energy (Natural Gas)	245,000	61,600	306,600	306,491	109
Total Undistributed Expenditures - Custodial Services	<u>3,209,169</u>	<u>30,319</u>	<u>3,239,488</u>	<u>3,173,694</u>	<u>65,794</u>
Undist. Expend- Care & Upkeep of Grounds					
Salaries	109,406		109,406	105,144	4,262
Cleaning, Repair, and Maintenance Services	36,550		36,550	31,555	4,995
General Supplies	45,000	(4,600)	40,400	36,240	4,160
Total Care and Upkeep of Grounds	<u>190,956</u>	<u>(4,600)</u>	<u>186,356</u>	<u>172,939</u>	<u>13,417</u>
Undist. Expend. - Security					
Salaries	144,754	47,600	192,354	192,289	65
Purchased Professional and Technical Services	27,000	(19,000)	8,000	1,323	6,677
General Supplies	25,000	23,600	48,600	27,714	20,886
Total Security	<u>196,754</u>	<u>52,200</u>	<u>248,954</u>	<u>221,326</u>	<u>27,628</u>
Total Undistributed Expenditures Operations and Maintenance of Plant	<u>4,628,673</u>	<u>228,433</u>	<u>4,857,106</u>	<u>4,707,207</u>	<u>149,899</u>

**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2019**

	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	20,580	25,941
Contracted Services (Bet. Home & School)- Vendors	605,478	20,000	625,478	617,758	7,720
Contracted Services - (Other than Home & Sch)-Ven.	213,010	(27,000)	186,010	171,719	14,291
Contr. Serv. - (Sp Ed. Students) - Vendors	236,836	7,000	243,836	243,716	120
Contr. Serv. - (Sp Ed. Students) - Joint Agrmt	25,000	(4,400)	20,600	7,350	13,250
Contr. Serv. - Aid in Lieu Payments - NonPub Sch	9,000		9,000	8,628	372
Transportation Supplies	10,000	4,400	14,400	14,364	36
Total Unallocated Expenditures - Student Transportation Services	<u>1,145,845</u>	<u>-</u>	<u>1,145,845</u>	<u>1,084,115</u>	<u>61,730</u>
Unallocated Benefits - Employee Benefits					
Social Security Contribution	490,000	15,331	505,331	408,797	96,534
Other Retirement Contributions - PERS	523,500		523,500	494,909	28,591
Workmen's Compensation	400,000		400,000	286,391	113,609
Health Benefits	6,082,815	(164,000)	5,918,815	5,327,065	591,750
Tuition Reimbursement	70,000	1,035	71,035	51,164	19,871
Other Employee Benefits	105,000	22,500	127,500	127,081	419
Unused Sick Payment to Terminated/Retired	150,000	177,907	327,907	203,220	124,687
Total Unallocated Benefits	<u>7,821,315</u>	<u>52,773</u>	<u>7,874,088</u>	<u>6,898,627</u>	<u>975,461</u>
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (non-bud)			-	3,617,411	(3,617,411)
On-Behalf TPAF Post-retir. Contribution (non-bud)			-	1,640,852	(1,640,852)
On-Behalf TPAF Long Term Disability Insurance			-	2,893	(2,893)
Reimbursed TPAF Social Security Cont. (non-bud)			-	1,400,072	(1,400,072)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,661,228</u>	<u>(6,661,228)</u>
Total Personal Services - Employee Benefits	<u>7,821,315</u>	<u>52,773</u>	<u>7,874,088</u>	<u>13,559,855</u>	<u>(5,685,767)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>21,234,947</u>	<u>392,954</u>	<u>21,627,901</u>	<u>26,418,802</u>	<u>(4,790,901)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>41,105,613</u>	<u>381,437</u>	<u>41,487,050</u>	<u>45,241,407</u>	<u>(3,754,357)</u>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Exp. - Instruction	108,500	10,722	119,222	119,216	6
Undistributed Exp. - Supp. Serv- Related & Extra	5,000	(2,000)	3,000	2,951	49
Undistributed Exp. - Custodial	53,000	26,400	79,400	60,895	18,505
Undistributed Exp. - Care and Upkeep of Grounds	6,000		6,000	5,658	342
Undistributed Exp. - Admin. Info. Tech.	213,184	26,948	240,132	240,132	-
School Buses-Regular					
Total Equipment	<u>385,684</u>	<u>62,070</u>	<u>447,754</u>	<u>428,852</u>	<u>18,902</u>
Facilities Acquisition and Construction Services					
Construction Services					
Architectural/Engineering Services					
Other Purchased Prof. and Tech. Services	400,000	180,007	580,007	502,536	77,471
Supplies & Materials	400,000	33,620	433,620	433,619	1
Assessment for Debt Service on SDA Funding	150,466		150,466	150,466	-
Total Facilities Acquisition and Construction Services	<u>950,466</u>	<u>213,627</u>	<u>1,164,093</u>	<u>1,086,621</u>	<u>77,472</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>1,336,150</u>	<u>275,697</u>	<u>1,611,847</u>	<u>1,515,473</u>	<u>96,374</u>
Transfer of Funds to Charter Schools	12,440	17,860	30,300	30,300	-
<b>TOTAL EXPENDITURES</b>	<u>42,454,203</u>	<u>674,994</u>	<u>43,129,197</u>	<u>46,787,180</u>	<u>(3,657,983)</u>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,468,873)</u>	<u>(674,994)</u>	<u>(5,143,867)</u>	<u>(1,743,147)</u>	<u>3,400,720</u>
Other Financing Sources/(Uses):					
Operating Transfers:					
Transfer from Capital Project				-	-
Transfer to Cover Deficit - Food Service Fund		(120,000)	(120,000)	(120,000)	-
Total Other Financing Sources/(Uses):	-	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(4,468,873)	(794,994)	(5,263,867)	(1,863,147)	3,400,720
Fund Balance July 1	15,225,899		15,225,899	15,225,899	-
Fund Balance June 30	<u>10,757,026</u>	<u>(794,994)</u>	<u>9,962,032</u>	<u>13,362,752</u>	<u>3,400,720</u>
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				929,587	
Excess Surplus - Current Year				862,255	
Committed Fund Balance:					
Capital Reserve				4,048,818	
Maintenance Reserve				2,594,684	
Tuition Reserve 18-19				1,900,000	
Tuition Reserve 19-20				1,500,000	
Emergency Reserve				422,732	
Assigned Fund Balance:					
Year-End Encumbrances				95,501	
Unassigned Fund Balance					
General Fund				1,009,175	
				<u>13,362,752</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(350,839)	
				<u>13,011,913</u>	

**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources		180,049	180,049	137,686	(42,363)
State Sources	625,220	330,274	330,274	193,646	(136,628)
Federal Sources		275,975	901,195	901,466	271
<b>Total Revenues</b>	<b>625,220</b>	<b>786,298</b>	<b>1,411,518</b>	<b>1,232,798</b>	<b>(178,720)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	589,037	40,570	629,607	624,871	4,736
Salaries of Other Professional Staff		26,252	26,252	26,173	79
Other Purchased Services (400-500 series)	7,500	188,365	195,865	194,310	1,555
General Supplies		239,150	239,150	160,121	79,029
Textbooks		3,952	3,952	3,952	-
Equipment		10,161	10,161	9,764	397
Other Objects		1,000	1,000	200	800
<b>Total Instruction</b>	<b>596,537</b>	<b>509,450</b>	<b>1,105,987</b>	<b>1,019,391</b>	<b>86,596</b>
Support Services:					
Salaries of Other Professional Staff		7,353	7,353	1,040	6,313
Personal Services - Employee Benefits		147,466	147,466	115,115	32,351
Purchased Professional - Educational Services		15,840	15,840	-	15,840
Other Purchased Services (400-500 series)	28,683	38,869	67,552	30,212	37,340
General Supplies		44,761	44,761	44,646	115
<b>Total Support Services</b>	<b>28,683</b>	<b>254,289</b>	<b>282,972</b>	<b>191,013</b>	<b>91,959</b>
Facilities Acquisition & Construction Services:					
Other Equipment			-	-	165
Instructional Equipment		22,559	22,559	22,394	165
<b>Total Expenditures</b>	<b>625,220</b>	<b>786,298</b>	<b>1,411,518</b>	<b>1,232,798</b>	<b>178,720</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>0</b>

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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, 2019**

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	\$ 45,044,033	1,232,798
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		
Current Year		
Unexpended Preschool Education Aid		80,915
The Final State Aid payments 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	
The Final State Aid payment for the Year Ended June 30, 2019 that was delayed until July 2019 was recorded as budgetary revenue for the Year Ended June 30, 2019 but is not recognized under GAAP until the Year Ended June 30, 2019.	(350,839)	(30,240)
	45,024,379	1,283,473
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	46,787,180	1,232,798
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		
Current Year		
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	\$ 46,787,180	1,232,798

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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**

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0489180950%	0.0477540206%	0.0486599449%	0.0498289421%	0.0500779018%	0.0526741551%
District's proportionate of the net pension liability (asset)	\$ 9,631,729	\$ 11,116,373	14,411,680	11,185,801	9,375,953	10,067,078
District's covered payroll	\$ 3,565,996	\$ 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	270.10%	331.02%	455.51%	332.96%	285.33%	295.00%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	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**

	2018	2017	2016	2015	2014	2013
Contractually required contribution	486,577	449,645	434,893	428,403	396,889	402,251
Contributions in relation to the contractually required contribution	<u>486,577</u>	<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>	<u>-</u>
District's covered-employee payroll	3,565,996	3,358,182	3,163,872	3,359,550	3,285,998	3,412,544
Contributions as a percentage of covered-employee payroll	0.00%	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**

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00%	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	116,958,003	124,283,696	147,023,848	118,869,177	101,449,991	101,028,085
<b>Total</b>	<b>\$ 116,958,003</b>	<b>\$ 124,283,696</b>	<b>147,023,848</b>	<b>118,869,177</b>	<b>101,449,991</b>	<b>101,028,085</b>
District's covered payroll	19,405,802	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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	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>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	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>93,601,523</u>	<u>\$ 106,770,830</u>	<u>\$ 116,122,206</u>
<b>Total</b>	<u><b>\$ 93,601,523</b></u>	<u><b>\$ 106,770,830</b></u>	<u><b>\$ 116,122,206</b></u>
District's covered payroll	\$ 22,971,798	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:			
Service Cost	2,840,142	3,427,171	
Interest Cost	3,881,200	3,373,453	
Differences between Expected & Actual	(6,733,346)		
Changes in Assumptopns	(10,741,212)	(13,770,025)	
Member Contributions	86,503	91,064	
Benefit Payments	(2,502,864)	(2,473,039)	
Change in Total Opeb Liability	<u>(13,169,577)</u>	<u>(9,351,376)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District -			
Beginning Balance	<u>106,770,830</u>	<u>116,122,206</u>	
Ending Balance	<u><u>93,601,253</u></u>	<u><u>\$ 106,770,830</u></u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	407.46%	476.66%	

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, 2019**

	Ocean City Education Foundation	Building Eco Sol Green	Ocean City PTA	Atlanticare Grant	Sustainable Jersey	Sustainable Jersey-Well	NJSIG Safety
<b>REVENUES:</b>							
Local Sources	10,716	3,350	50,803	3,625	2,400	242	45,404
State Sources							
Federal Sources							
Total Revenues	<u>10,716</u>	<u>3,350</u>	<u>50,803</u>	<u>3,625</u>	<u>2,400</u>	<u>242</u>	<u>45,404</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers			225	1,472			
Salaries of Other Professional Staff				300			
Other Purchased Services (400-500 series)			11,131				
General Supplies	6,932	3,350	20,442	1,853		242	
Textbooks							
Equipment	2,984		6,780				
Other Objects							
Total Instruction	<u>9,916</u>	<u>3,350</u>	<u>38,578</u>	<u>3,625</u>	<u>-</u>	<u>242</u>	<u>-</u>
Support Services:							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits							
Purchased Professional - Educational Services							
Purchased Technical Services	800		12,225		2,400		29,845
Other Purchased Services (400-500 series)							
General Supplies							
Other Objects							
Total Support Services	<u>800</u>	<u>-</u>	<u>12,225</u>	<u>-</u>	<u>2,400</u>	<u>-</u>	<u>29,845</u>
Capital Outlay:							
Instructional Equipment							15,559
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,559</u>
Total Expenditures	<u>10,716</u>	<u>3,350</u>	<u>50,803</u>	<u>3,625</u>	<u>2,400</u>	<u>242</u>	<u>45,404</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2019**

	Title IV A	Title I Part A	I.D.E.A. Part B	I.D.E.A. Preschool	Title IIA	MAC SADD
<b>REVENUES:</b>						
Local Sources						323
State Sources	16,142	288,816	539,763	15,614	41,131	
Federal Sources	16,142	288,816	539,763	15,614	41,131	323
Total Revenues						
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers		184,826	344,819	8,000	19,630	
Salaries of Other Professional Staff						
Other Purchased Services (400-500 series)	16,142	43,387	165,542	4,761		323
General Supplies						
Textbooks						
Equipment						
Other Objects						
Total Instruction	16,142	228,213	510,361	12,761	19,630	323
Support Services:						
Salaries of Other Professional Staff		1,040				
Personal Services - Employee Benefits		58,147	29,402	2,853	6,900	
Purchased Professional - Educational Services						
Purchased Technical Services						
Other Purchased Services (400-500 series)		1,416			14,601	
General Supplies						
Other Objects						
Total Support Services	-	60,603	29,402	2,853	21,501	-
Capital Outlay:						
Equipment						
Total Capital Outlay	-	-	-	-	-	-
Total Expenditure	16,142	288,816	539,763	15,614	41,131	323
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, 2019**

	MAC Intramural	MAC SCAT	MAC Misc	BASF Science	Non Public Textbook Aid	Non Public Technical Aid
<b>REVENUES:</b>						
Local Sources	295	376	1,488	935		
State Sources					3,952	2,584
Federal Sources						
<b>Total Revenues</b>	<b>295</b>	<b>376</b>	<b>1,488</b>	<b>935</b>	<b>3,952</b>	<b>2,584</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						
Salaries of Other Professional Staff						
Other Purchased Services (400-500 series)			695			
General Supplies	295	376	793	935	3,952	2,584
Textbooks						
Equipment						
Other Objects						
<b>Total Instruction</b>	<b>295</b>	<b>376</b>	<b>1,488</b>	<b>935</b>	<b>3,952</b>	<b>2,584</b>
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Professional - Educational Services						
Purchased Technical Services						
Other Purchased Services (400-500 series)						
General Supplies						
Other Objects						
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Capital Outlay:						
Other Equipment						
Instructional Equipment						
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>295</b>	<b>376</b>	<b>1,488</b>	<b>935</b>	<b>3,952</b>	<b>2,584</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2019**

	NonPublic Security and Maint. Aid	STEAM Tank	NJSPA Visionary	WSSC Health	Sustainable Jersey/NJEA	Preschool Education	Totals 2019
<b>REVENUES:</b>							
Local Sources		297	7,000	4,363	6,069		137,686
State Sources	10,985					176,125	193,646
Federal Sources							901,466
Total Revenues	10,985	297	7,000	4,363	6,069		1,232,798
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers						65,899	624,871
Salaries of Other Professional Staff						25,873	26,173
Other Purchased Services (400-500 series)				800			194,310
General Supplies		297	7,000	3,563	6,069	56,919	160,121
Textbooks							3,952
Equipment						200	9,764
Other Objects							200
Total Instruction	-	297	7,000	4,363	6,069	148,891	1,019,391
Support Services:							
Salaries of Other Professional Staff							1,040
Personal Services - Employee Benefits						17,813	115,115
Purchased Professional - Educational Services							-
Purchased Technical Services						2,586	30,212
Other Purchased Services (400-500 series)							44,646
General Supplies	10,985						-
Other Objects							-
Total Support Services	10,985	-	-	-	-	20,399	191,013
Capital Outlay:							
Instructional Equipment						6,835	22,394
Total Capital Outlay	-	-	-	-	-	6,835	22,394
Total Expenditures	10,985	297	7,000	4,363	6,069	176,125	1,232,798
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Preschool Education Aid**  
**Budgetary Basis**  
**For the Year Ended June 30, 2019**

	Total		
	Budgeted	Actual	Variance
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	\$ 93,947.00	91,772.00	2,175.00
General Supplies	66,379.00	56,919.00	9,460.00
Other Objects	1,000.00	200.00	800.00
Total Instruction	<u>161,326.00</u>	<u>148,891.00</u>	<u>12,435.00</u>
Support Services:			
Salaries of Other Professional Staff	1,705.00		1,705.00
Maintenance and Facilities	10,000.00		10,000.00
Transportation Costs	15,400.00		15,400.00
Travel	5,000.00		5,000.00
Personal Services - Employee Benefits	49,609.00	17,813.00	31,796.00
Purchased Professional Educational Services	7,000.00	2,586.00	4,414.00
Supplies			-
Total Support Services	<u>88,714.00</u>	<u>20,399.00</u>	<u>68,315.00</u>
Facilities Acquisition and Construction Services			
Instructional Equipment	7,000.00	6,835.00	165.00
Non-Instructional Equipment			-
Total Facilities Acquisition and Construction Ser.	<u>7,000.00</u>	<u>6,835.00</u>	<u>165.00</u>
Total Expenditures	<u>\$ 257,040.00</u>	<u>\$ 176,125.00</u>	<u>\$ 80,915.00</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2018-19 Preschool Aid Allocation	\$ 257,040.00
Adjustments	-
Add: Actual ECPA Carryover June 30, 2018	-
Add: Budgeted Transfer from the General Fund	-
Total Preschool Education Aid Funds Available for 2018-19 Budget	<u>257,040.00</u>
Less: 2018-19 Budgeted Preschool Education Aid	<u>(257,040.00)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	-
Add: June 30, 2019 Unexpended Preschool Education Aid	80,915.00
2018-19 Actual Carryover - Preschool Education Aid	<u>\$ 80,915.00</u>
2018-19 Preschool Education Aid Carryover Budgeted for 2019-20	<u>\$ 25,000.00</u>

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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, 2019**

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 397,167	104,216	369,734	871,117
Investments, at Fair Value:				
Certificate of Deposit	<u>397,167</u>	<u>104,216</u>	<u>369,734</u>	<u>-</u>
Total Cash and Investments				<u>871,117</u>
Interfund Receivable		-		-
Total Assets	<u>397,167</u>	<u>104,216</u>	<u>369,734</u>	<u>871,117</u>
<b>LIABILITIES</b>				
Accounts Payable	300			300
Payable to Student Groups			288,886	288,886
Payroll Deductions & Withholdings			80,848	80,848
Total Liabilities	<u>300</u>	<u>-</u>	<u>369,734</u>	<u>370,034</u>
<b>Net Position</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>396,867</u>			396,867
Reserve for Scholarships				<u>104,216</u>
Total Net Position	<u>\$ 396,867</u>	<u>\$ 104,216</u>		<u>501,083</u>
Total Liabilities and Net Position				<u>\$ 871,117</u>

**OCEAN CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2019**

	Unemployment Compensation Trust	Private Purpose Trust	Totals
<b>ADDITIONS</b>			
Contributions:			
Plan Member	\$ 29,295		29,295
Other		106,530	106,530
<b>Total Contributions</b>	29,295	106,530	135,825
<b>Investments Earnings:</b>			
Interest	1,228	549	1,777
<b>Net Investment Earnings</b>	1,228	549	1,777
<b>Total Additions</b>	30,523	107,079	137,602
<b>Deductions</b>			
Unemployment Claims	6,526		6,526
Annual Assessment	1,523		1,523
Scholarships Awarded		85,350	85,350
<b>Total Deductions</b>	8,049	85,350	93,399
<b>Change in Net Position</b>	22,474	21,729	44,203
<b>Net Position - Beginning of the Year</b>	374,393	82,487	456,880
<b>Net Position - End of the Year</b>	\$ 396,867	104,216	501,083



**OCEAN CITY SCHOOL DISTRICT  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
As of June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Primary School Activity Account	\$ 7,319	2,754.00	4,553.00	5,520
Intermediate School Activity Account	38,975	76,250	75,920	39,305
High School Activity Account	248,004	361,242	373,288	235,958
High School Red & White Account	3,142	97,721	92,760	8,103
<b>Total Assets</b>	<u>\$ 297,440</u>	<u>537,967</u>	<u>546,521</u>	<u>288,886</u>

**OCEAN CITY SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 77,911	28,146,118	28,143,181	80,848
Total Assets	77,911	28,146,118	28,143,181	80,848
<b>LIABILITIES:</b>				
Payroll Deductions & Withholding	\$ 77,911	12,589,598	12,586,661	80,848
Net Payroll	-	15,556,520	15,556,520	-
Interfund Payable	-			-
Total Liabilities	\$ 77,911	28,146,118	28,143,181	80,848

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balance of the general long-term liabilities of the school district. This includes serial bonds outstanding, the outstanding principal balance on capital leases.





**OCEAN CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,641,073		2,641,073	2,641,073	-
Total - Local Sources	2,641,073	-	2,641,073	2,641,073	-
Total Revenues	2,641,073	-	2,641,073	2,641,073	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Redemption of Principal	2,350,000		2,350,000	2,350,000	-
Interest on Bonds	421,455		421,455	421,455	-
Total Regular Debt Service	2,771,455	-	2,771,455	2,771,455	-
Total Expenditures	2,771,455	-	2,771,455	2,771,455	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(130,382)	-	(130,382)	(130,382)	-
Other Financing Sources(Uses):					
Operating Transfers In:					
Transfers in from Other Funds			-		-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	(130,382)	-	(130,382)	(130,382)	-
Fund Balance, July 1	130,382	-	130,382	130,382	-
Fund Balance, June 30	-	-	-	-	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Budgeted Fund Balance	\$ (130,382)	-	(130,382)	(130,382)	-

# **Statistical Section**





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

**Exhibit J-1**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	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	32,011,980
Restricted	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	12,180,126
Unrestricted	(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)	(10,418,148)
Total governmental activities net position	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	33,773,958
<b>Business-type activities</b>										
Net investment in capital assets	117,756	107,057	94,197	81,337	75,268	76,004	73,471	66,247	51,335	36,424
Restricted	46,591	9,313	29,461	(72,991)	(90,990)	24,756	24,651	40,214	(44,848)	(34,571)
Unrestricted	164,347	116,370	123,658	8,346	(15,722)	100,760	98,122	106,461	6,487	1,853
Total business-type activities net position										
<b>District-wide</b>										
Net investment in capital assets	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	32,048,404
Restricted	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	12,180,126
Unrestricted	(961,591)	(2,045,831)	(2,079,806)	(576,197)	1,616,826	(10,706,863)	(10,936,358)	(10,204,190)	(10,052,878)	(10,452,719)
Total district net position	28,147,241	30,191,446	33,330,488	34,837,984	36,980,164	31,166,810	29,851,612	33,047,397	34,164,011	33,775,811

Source: CAFR Schedule A-1

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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Regular	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	24,766,065
Special education	4,588,999	4,658,772	4,654,783	4,750,874	4,699,907	5,696,127	5,830,676	5,679,421	6,367,863	6,180,546
Other special education	2,235,270	2,172,481	1,991,674	1,982,505	1,926,487	2,448,933	2,688,661	3,166,396	3,164,497	2,785,276
Support Services:										
Tuition	195,864	135,328	356,510	304,527	329,485	275,748	329,177	391,950	246,014	393,566
Student & instruction related services	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	6,212,947
School administrative services	1,808,912	1,824,061	1,806,159	1,921,997	1,782,691	1,879,058	1,770,714	1,894,831	2,015,126	1,917,279
General Administration and Business Services	1,645,113	1,478,865	1,573,079	1,664,901	1,914,406	1,805,596	1,917,200	1,868,475	1,915,194	2,106,104
Plant operations and maintenance	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	7,767,795
Pupil transportation	913,898	887,414	867,421	944,321	1,209,151	896,924	904,599	994,939	1,278,994	1,080,053
Special schools	66,001	16,402	13,506	-	-	-	-	-	-	-
Charter Schools	75,224	52,159	62,899	42,374	3,716	9,904	29,937	18,909	31,025	30,300
Interest on long-term debt	1,021,506	939,859	964,837	998,171	971,712	772,318	1,863,992	230,574	115,067	11,712
Unallocated depreciation	-	20,151	-	-	-	-	-	-	-	-
Total governmental activities expenses	41,597,815	40,332,158	40,002,527	42,553,663	41,503,438	46,371,288	55,786,009	54,666,492	56,784,244	53,251,643
Business-type activities:										
Food service	740,086	729,478	698,153	697,500	618,209	642,339	668,641	684,952	715,381	709,751
Total business-type activities expenses	740,086	729,478	698,153	697,500	618,209	642,339	668,641	684,952	715,381	709,751
Total district expenses	42,337,900	41,061,637	40,700,680	43,251,163	42,121,647	47,013,627	56,454,650	55,351,444	57,499,625	53,961,394
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction	14,464,451	13,959,021	13,602,146	12,922,719	10,959,443	10,458,451	12,844,272	13,142,586	11,698,989	11,286,716
Operating grants and contributions	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	6,770,739
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	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	18,057,455
Business-type activities:										
Charges for services:										
Food service	497,174	460,308	410,868	330,862	365,440	375,574	333,789	348,753	344,878	362,142
Operating grants and contributions	226,271	220,648	244,308	201,130	228,236	243,342	244,501	235,699	218,497	215,701
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	723,445	680,957	655,175	531,993	593,676	618,916	578,290	584,452	563,375	577,843
Total district program revenue	16,054,755	18,946,842	19,299,426	19,429,626	15,941,412	16,649,251	20,664,698	24,301,129	23,155,156	18,635,298
<b>Net (Expense)/Revenue</b>										
Governmental activities	(26,266,505)	(22,066,273)	(21,358,276)	(23,656,030)	(26,155,702)	(30,340,953)	(35,699,601)	(30,949,815)	(34,192,463)	(35,194,188)
Business-type activities	(16,641)	(48,522)	(42,978)	(165,507)	(24,533)	(23,423)	(90,351)	(100,500)	(152,006)	(131,908)
Total district-wide net expense	(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)	(35,326,096)

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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	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	22,612,380
Taxes levied for debt service	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	2,641,073
Unrestricted grants and contributions	7,945,836	196,745	372,949	941,644	3,312,246	9,129,118	9,536,554	9,101,521	9,949,955	9,392,318
Investment earnings	69,988	65,887	22,449	11,979	12,895	8,489	3,807	3,003	3,000	3,000
Miscellaneous income	262,719	194,948	111,907	104,917	718,090	386,821	364,839	344,010	370,442	281,850
Special item - Loss on Disposal of Capital Assets		(161,243)								
Extraordinary item - Loss of Sale of Securities				(2,287)						
Extraordinary item - Loss on Refunding Bonds				(50,000)						
Loss on Disposal of Capital Assets				(2,287)	(3,275)					
Transfers			(50,000)			(125,000)		(100,000)		
<b>Total governmental activities</b>	<b>30,965,503</b>	<b>24,158,456</b>	<b>24,711,181</b>	<b>25,278,837</b>	<b>28,321,528</b>	<b>34,081,305</b>	<b>34,387,041</b>	<b>34,137,261</b>	<b>35,409,062</b>	<b>(120,000)</b>
Business-type activities:										
Investment earnings	467	544	266	195	465	522	804	1,151	2,032	7,273
Transfers			50,000	50,000	-	125,000	75,000	100,000	50,000	120,000
Loss on Disposal of Capital Assets										
Total business-type activities	467	544	50,266	50,195	465	125,522	87,713	108,839	52,032	127,273
<b>Total district-wide</b>	<b>30,965,971</b>	<b>24,158,999</b>	<b>24,761,447</b>	<b>25,329,032</b>	<b>28,321,993</b>	<b>34,206,827</b>	<b>34,474,754</b>	<b>34,246,100</b>	<b>35,461,084</b>	<b>34,937,894</b>
Changes in Net Position										
Governmental activities	4,698,998	2,092,183	3,352,905	1,622,807	2,165,826	3,740,352	(1,312,560)	3,187,446	1,216,589	(383,567)
Business-type activities	(16,174)	(47,978)	7,288	(115,312)	(24,068)	102,099	(2,638)	8,339	(99,974)	(4,634)
<b>Total district</b>	<b>4,682,825</b>	<b>2,044,205</b>	<b>3,360,193</b>	<b>1,507,495</b>	<b>2,141,758</b>	<b>3,842,451</b>	<b>(1,315,198)</b>	<b>3,195,785</b>	<b>1,116,615</b>	<b>(388,201)</b>

Source: CAFR Schedule A-2

Exhibit J-3

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	1,791,842
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	10,466,234
Assigned		142,896	911,879	324,779	2,103,548	95,002	203,125	346,587	703,768	95,501
Unassigned		689,972	665,448	572,865	458,858	477,009	476,685	504,573	580,027	658,336
Reserved	4,542,113									
Unreserved	565,497									
Total general fund	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	13,011,913
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	6,300,905									
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	924,744									
Debt service fund	8									
Total all other governmental funds	7,225,658	379,225	379,429	347,315	3,813,841	(629,957)	572,990	131,642	-	-

Source: CAFR Schedule B-1

**Exhibit J-4**

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax Levy	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	25,253,453
Tuition charges	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	11,286,716
Interest earnings	10,020	69,988	65,887	11,979	12,895	8,489	3,807	3,003	3,000	3,000
Miscellaneous	408,850	330,601	294,365	185,611	773,196	456,380	397,395	423,151	427,788	419,536
State sources	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	11,041,953
Federal sources	633,062	819,654	1,054,462	808,195	851,267	1,085,993	970,913	946,449	865,983	944,267
Total revenue	<u>42,695,167</u>	<u>46,455,849</u>	<u>42,585,583</u>	<u>44,228,757</u>	<u>43,672,539</u>	<u>45,794,461</u>	<u>48,099,512</u>	<u>48,608,741</u>	<u>48,063,935</u>	<u>48,948,925</u>
<b>Expenditures</b>										
Instruction:										
Regular instruction	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	14,568,061
Special education instruction	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	3,635,562
Other special education instruction	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	1,638,373
Support Services:										
Tuition	169,351	195,864	135,328	304,527	254,820	275,748	329,177	391,950	246,014	393,566
Student & instruction related services	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	4,168,414
General administrative services	750,296	708,249	641,089	730,877	816,184	721,212	713,854	689,299	781,971	805,128
School administrative services	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	1,286,348
Business administrative/central services	494,971	551,647	533,812	577,858	571,873	592,272	590,067	525,285	544,842	605,182
Plant operations and maintenance	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	4,707,207
Pupil transportation	925,984	913,898	876,972	931,832	905,876	896,924	904,599	994,939	1,056,835	1,084,115
Unallocated employee benefits	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	13,559,855
Special schools	103,597	50,546	11,745	-	-	-	-	-	-	-
Charter schools	71,840	75,224	52,159	42,374	3,716	9,904	29,937	18,909	31,025	30,300
Capital outlay	445,287	1,741,809	7,018,218	524,570	1,892,953	4,443,842	5,068,559	851,891	1,014,437	1,537,867
Debt service:										
Principal	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	2,350,000
Interest and other charges	1,082,980	1,030,018	1,053,793	911,863	836,063	797,280	714,655	568,351	499,205	421,455
Total Expenditures	<u>42,974,434</u>	<u>43,678,525</u>	<u>47,716,581</u>	<u>43,232,839</u>	<u>43,577,250</u>	<u>46,947,670</u>	<u>48,746,147</u>	<u>45,385,020</u>	<u>47,639,058</u>	<u>50,791,433</u>
Excess (Deficiency) of revenues over (under) expenditures	(279,267)	2,777,325	(5,130,998)	995,918	95,289	(1,153,209)	(646,635)	3,223,721	424,877	(1,842,508)
<b>Other Financing Sources (Uses)</b>										
Transfer in	20	1,661,900	36,578	81	1,435,096	661,081	400,807	530,382	-	-
Transfer out	(24,585)	(1,661,900)	(36,578)	(50,081)	(1,435,096)	(786,081)	(475,807)	(630,382)	(50,000)	(120,000)
Bond Proceeds		3,469,447			2,497,422					
Grant Revenue										
Canceled Prior Year Payable										
Total other financing sources (uses)	<u>(24,565)</u>	<u>3,469,447</u>	<u>-</u>	<u>(50,000)</u>	<u>2,497,422</u>	<u>(125,000)</u>	<u>(75,000)</u>	<u>(100,000)</u>	<u>(50,000)</u>	<u>(120,000)</u>
<b>Extraordinary Item</b>										
Loss on Sale of Securities										
Net change in fund balances	<u>(303,832)</u>	<u>6,246,772</u>	<u>(5,130,998)</u>	<u>945,918</u>	<u>2,592,711</u>	<u>(1,278,209)</u>	<u>(721,635)</u>	<u>3,123,721</u>	<u>374,877</u>	<u>(1,962,508)</u>
Debt service as a percentage of noncapital expenditures	5.17%	5.32%	6.41%	6.16%	6.34%	6.33%	6.70%	6.15%	5.91%	5.63%

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
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
2019	78,443			206,407	284,850

Source: District Records

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

Exhibit J-6

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
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
2019	137,565,900	11,134,348,800	512,008,800	733,300	41,110,000	11,825,766,800	-	-	11,825,766,800	0.216	11,965,766,265

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
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	0.213	0.024	0.237	0.237	0.011		0.035	0.459	0.979
2019	0.194	0.022	0.216	0.244	0.011		0.036	0.460	0.967

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	2019				2010			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		
Gilamco, Inc.	\$ 12,712,800	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	10,457,700	3	0.09%	13,192,000	6	0.10%		
Magton, Inc.	9,856,900	4	0.08%	20,802,100	2	0.16%		
OC Bwalk Holdings, LLC	8,933,700	5	0.08%					
JMCK Properties, LLC	7,452,100	6	0.06%					
Raab Family, LLC	7,300,000	7	0.06%	21,897,100	1	0.17%		
YFP Ocean City LLC	6,800,000	8	0.06%					
3Point 4, LLC	6,421,500	9	0.05%					
Holloway, Gary & Patricia	6,368,000	10	0.05%					
Gillian Brothers, Inc.				7,743,300	9	0.06%		
Mita, Eustace W & Susanne E				9,910,100	8	0.08%		
JWR Construction, Co. Inc				19,329,400	3	0.15%		
Chase Real Estate Development				12,477,900	7	0.10%		
				7,629,300	10	0.06%		
Totals	\$ 88,108,800		0.75%	\$ 146,216,300		1.14%		
							\$ 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	
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%	-
2019	25,253,453	25,253,453	100%	-

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

Exhibit J-10

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANS)	Capital Leases			
2010	23,799,000.00		153,828.16			23,952,828.16	3.79%	1,629
2011	22,244,000.00		74,418.60			22,318,418.60	4.33%	1,907
2012	20,614,000.00					20,614,000.00	3.95%	1,775
2013	18,894,000.00					18,894,000.00	3.43%	1,632
2014	19,586,000.00					19,586,000.00	3.47%	1,709
2015	17,691,000.00					17,691,000.00	3.13%	1,555
2016	14,316,000.00					14,316,000.00	2.43%	1,261
2017	12,146,000.00					12,146,000.00	2.01%	1,071
2018	9,891,000.00					9,891,000.00	1.61%	883
2019	7,541,000.00					7,541,000.00	1.17%	683

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.

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

**Exhibit J-11**

Fiscal Year Ended June 30,	Governmental Activities			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	* Per Capita Personal Income
	General Obligation Bonds	Deductions				
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
2019	7,541,000	-		7,541,000	0.06%	58,324

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

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

**Ocean City School District  
 Direct and Overlapping Governmental Activities Bonded Debt,  
 As of December 31, 2018 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>
<b>Debt Repaid with Property Taxes</b>			
City of Ocean City	145,368,303	100.00%	145,368,303
<b>Other Debt</b>			
County of Cape May	336,536,298	22.99%	77,355,355
Subtotal, Overlapping Debt			222,723,658
<b>City of Ocean City School District Direct Debt</b>			7,541,000
<b>Total Direct and Overlapping Debt</b>			<u>230,264,658</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	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	488,603,888
Total net debt applicable to limit	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	7,541,000
Legal debt margin	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	481,062,888
Total net debt applicable to the limit as a percentage of debt limit	4.50%	4.27%	4.06%	3.87%	4.07%	3.84%	3.10%	2.59%	2.07%	1.54%

	2018	2017	2016
Equalized valuation basis	\$ 12,496,902,181	\$ 12,183,914,162	\$ 11,964,475,254
			\$ 36,645,291,597
Average equalized valuation of taxable property	\$ 12,215,097,199		
Debt limit (4% of average)	488,603,888		
Net bonded school debt	7,541,000		
Legal debt margin	\$ 481,062,888		

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**

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
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%
2019	11,041	643,955,284	58,324	4.7%

**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	2019			2010		
	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 (2018) 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>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular instruction	213.0	204.0	145.0	138.0	138.0	138.0	153.0	152.4	151.4	151.0
Other instruction	39.0	38.0	49.0	45.3	45.3	45.3	45.3	45.7	43.6	46.0
Support Services:										
Student & instruction related services	37.0	35.0	60.0	49.4	49.4	49.4	34.4	36.0	42.6	42.6
General administrative services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0	5.0	5.0
School administrative services	15.8	16.0	16.0	17.0	17.0	16.0	16.0	14.0	14.0	14.0
Business administrative services	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0
Plant operations and maintenance	34.0	32.0	41.0	35.0	35.0	35.0	35.0	35.0	35.0	37.0
Pupil transportation	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Food Service										
<b>Total</b>	<b>348.5</b>	<b>335.0</b>	<b>321.0</b>	<b>295.7</b>	<b>295.7</b>	<b>295.7</b>	<b>294.7</b>	<b>296.1</b>	<b>299.6</b>	<b>302.6</b>

Source: District Personnel Records

Ocean City School District  
Operating Statistics,  
Last Ten Fiscal Years

Exhibit J-17

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
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%
2019	2,099.0	46,482,111	22,145	-0.31%	180.0	10.9:1	10.9:1	12.7:1	2,163	2,059	1.74%	95.19%

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

**Exhibit J-18**

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>District Buildings</u></b>										
<b><u>Elementary</u></b>										
Ocean City Primary School	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031
Square Feet	461	461	461	461	461	461	461	461	461	461
Capacity (students)	327	329	344	394	394	441	461	361	347	321
Enrollment										
<b><u>Middle School</u></b>										
Ocean City Intermediate School	93,846	102,448	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)	488	483	465	477	485	451	451	533	529	537
Enrollment										
<b><u>High School</u></b>										
Ocean City High School	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770
Square Feet	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338
Capacity (students)	1,282	1,240	1,255	1,228	1,216	1,252	1,252	1,235	1,254	1,241
Enrollment										

Number of Schools at June 30, 2019  
 Elementary - 1  
 Middle - 1  
 High School - 1  
 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)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Ocean City Primary School	N/A	101,969	73,483	70,889	36,205	83,779	54,439	84,915	75,163	107,239	324,566
Ocean City Intermediate School	N/A	175,293	158,087	130,825	175,978	247,406	226,432	211,416	193,022	242,359	303,474
Ocean City High School	N/A	347,014	203,673	335,213	706,247	381,647	466,045	416,587	320,135	388,325	511,208
<b>Total School Facilities</b>		<b>624,276</b>	<b>435,243</b>	<b>536,927</b>	<b>918,429</b>	<b>712,832</b>	<b>746,916</b>	<b>712,918</b>	<b>588,320</b>	<b>737,923</b>	<b>1,139,248</b>
Other Facilities			98,929	116,341							
<b>Grand Total</b>		<b>624,276</b>	<b>534,172</b>	<b>653,268</b>	<b>918,429</b>	<b>712,832</b>	<b>746,916</b>	<b>712,918</b>	<b>588,320</b>	<b>737,923</b>	<b>1,139,248</b>

Source: District Records

**Ocean City School District**  
**Insurance Schedule**  
**For the Fiscal Year Ended June 30, 2019**  
*(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

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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, 2019, and have issued our report thereon dated November 22, 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

**November 22, 2019**



# FORD - SCOTT

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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, 2019. 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, 2019.

### **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

**November 22, 2019**

CITY OF OCEAN CITY SCHOOL DISTRICT  
 Financial Assistance  
 Schedule A  
 for the Fiscal Year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant/ State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Carryover	Cash Received	Budgetary Expenditures		Cancelled Receivable	Balance at June 30, 2019	
						Accounts Receivable	Unearned Revenue			Pass Through Direct	Source Through Direct		Unearned Revenue	(Accounts Receivable)
<b>U.S. Department of Agriculture</b>														
<b>Passed-through State Department of Education:</b>														
Food Distribution Program	10.550	1919NJ00AN1099	NA	7/1/18 - 6/30/19	26,578	-	-	-	26,578	(26,578)	-	-	-	-
School Breakfast Program	10.553	1918NJ00AN1099	NA	7/1/17 - 6/30/18	21,272	(6,835)	-	6,535	18,287	(24,407)	-	-	(6,120)	-
National School Lunch Program	10.555	1919NJ00AN1099	NA	7/1/17 - 6/30/18	167,877	(45,705)	-	45,705	151,073	(160,250)	-	-	(29,237)	-
National School Lunch Program	10.555	1919NJ00AN1099	NA	7/1/18 - 6/30/19	160,250	(52,540)	-	228,418	(211,235)	(21,235)	-	-	(35,357)	-
Total Enterprise Fund														
<b>U.S. Department of Health and Human Services</b>														
<b>Passed-through State Department of Health and Human Services</b>														
Medical Assistance	93.778	1908NJMAP	NA	7/1/18 - 6/30/19	42,801	-	-	42,801	(42,801)	(42,801)	-	-	-	-
Total General Fund														
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education:</b>														
Special Revenue Fund:														
Title I, Part A, Carryover	84.010A 84.010A	S010A10000 S010A10000	NCLB NCLB	7/1/18 - 6/30/19 7/1/17 - 6/30/18	268,489 268,652	(130,121)	-	154,593 130,121	(288,616)	(288,616)	-	-	(133,677)	-
Title II Teacher and Principal Training and Recruiting Fund	84.367A	S397A190029	NCLB	7/1/18 - 6/30/19	41,131	-	-	29,288	(41,131)	(41,131)	-	-	(11,863)	-
Title II Teacher and Principal Training and Recruiting Fund Carryover	84.367A	S397A190029	NCLB	7/1/17 - 6/30/18	38,244	(13,524)	-	13,524	-	-	-	-	-	-
Title IV, A - ESSA	84.424A	S24AA190031	NCLB	7/1/18 - 6/30/19	16,142	-	-	16,142	(16,142)	(16,142)	-	-	-	-
I.D.E.A. Part B - Basic	84.027	H027A190100	FT 06	7/1/18 - 6/30/19	533,763	(137,119)	-	401,132	(539,763)	(639,763)	-	-	(138,631)	-
I.D.E.A. Part B - Basic - Carryover	84.027	H027A190100	FT 06	7/1/17 - 6/30/18	515,532	-	-	137,119	(515,532)	(515,532)	-	-	(7,590)	-
I.D.E.A. Part B - Preschool-Carryover	84.173	H173A180114	FT 05	7/1/17 - 6/30/18	14,915	(6,487)	-	6,487	(15,614)	(15,614)	-	-	-	-
Temporary Emergency/Impact Aid	84.938C	S938C18005	N/A	7/1/17 - 6/30/18	25,500	(25,500)	-	25,500	-	-	-	-	-	-
Total Special Revenue Fund														
Total Federal Financial Assistance														

The accompanying Notes to Schedules of Expenditures of Awards and 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, 2019**

**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 \$19,654 for the general fund and \$50,675 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	\$ 42,801	10,817,286	(5,261,156)	5,598,931
Special Revenue Fund	901,466	193,646		1,095,112
Food Service Fund	211,235	4,466		215,701
Total Financial Assistance	\$ 1,155,502	11,015,398	(5,261,156)	6,909,744

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, 2019  
(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, 2019. 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, 2019.



**OCEAN CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2019**

***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 November 22, 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 November 22, 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:

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

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

**OCEAN CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2019  
(CONTINUED)**

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

**State Awards**

Dollar threshold used to distinguish between type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs:	An Unmodified Opinion was issued on compliance for major programs, dated November 22, 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:

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

***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, 2019  
(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.