

**Comprehensive Annual  
Financial Report**

**of the**

**City of Ocean City School District**

**Ocean City, New Jersey**

**For the Year Ended June 30, 2020**



# TABLE OF CONTENTS

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	8-10
<b>Required Supplementary Information - Part I Management's Discussion and Analysis</b>	11-20
<b>Basic Financial Statements</b>	
<b>A. District-Wide Statements</b>	
A-1 Statement of Net Position	21
A-2 Statement of Activities	22
<b>B. Fund Financial Statements:</b>	
Governmental Funds:	
B-1 Balance Sheet	23
B-2 Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
B-4 Statement of Net Position	26
B-5 Statement of Revenues, Expenses, and Changes in Net Position	27
B-6 Statement of Cash Flows	28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	29
B-8 Statement of Changes in Fiduciary Net Position	30
Notes to the Financial Statements	31-58

## Required Supplementary Information - Part II

### C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule - General Fund	59-72
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	N/A
C-1b	Community Development Block Grant - Budget and Actual	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	73

### Notes to Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	74
-----	-------------------------------	----

### Required Supplementary Information-Part III

L-1	Schedule of District's Proportionate Share of Net Position Liability (PERS)	75
L-2	Schedule of District Contributions (PERS)	76
L-3	Schedule of District's Proportionate Share of Net Position Liability (TPAF)	77
M-1	Schedule of District's Proportionate Share of Net OPEB Liability	78

### Other Supplementary Information

D.	School Level Schedules	N/A
E.	Special Revenue Fund	
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	79-82
E-2	Preschool Program Aid Schedule of Expenditures - Budgetary Basis	83

**F. Capital Projects Fund:**

F-1	Summary Schedule of Project Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A
F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis Construction of New High School	N/A
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Improvements and Renovations to the Primary School	N/A

**G. Proprietary Funds:**

Enterprise Funds:

G-1	Combining Statement of Net Position	N/A
G-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3	Combining Statement of Cash Flows	N/A

Internal Service Fund:

G-4	Combining Statement of Net Position	N/A
G-5	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6	Combining Statement of Cash Flows	N/A

**H. Fiduciary Funds:**

H-1	Combining Statement of Fiduciary Net Position	84
H-2	Combining Statement of Changes in Fiduciary Net Assets	85
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	86
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	87

**I. Long-Term Debt:**

I-1	Schedule of Serial Bonds	88
I-2	Schedule of Obligations under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	89

## STATISTICAL SECTION (Unaudited)

### Financial Trends

J-1	Net Position by Component	90
J-2	Changes in Net Position	91-92
J-3	Fund Balances - Governmental Funds	93
J-4	Changes in Fund Balances - Governmental Funds	94
J-5	General Fund Other Local Revenue by Source	95

### Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	96
J-7	Direct and Overlapping Property Tax Rates	97
J-8	Principal Property Taxpayers	98
J-9	Property Tax Levies and Collections	99

### Debt Capacity

J-10	Ratios of Outstanding Debt by Type	100
J-11	Ratios of General Bonded Debt Outstanding	101
J-12	Direct and Overlapping Governmental Activities Debt	102
J-13	Legal Debt Margin	103

### Demographic and Economic Information

J-14	Demographic and Economic Statistics	104
J-15	Principal Employers	105

### Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	106
J-17	Operating Statistics	107
J-18	School Building Information	108
J-19	Schedule of Required Maintenance Expenditures by School Facility	109
J-20	Insurance Schedule	110

## SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111-112
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance required by <i>Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)</i> , and New Jersey OMB's Circular 15-08	113-114
K-3	Schedule of Expenditures of Federal Awards, Schedule A	115
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	116
K-5	Notes to Schedules of Awards and Financial Assistance	117-118
K-6	Schedule of Findings and Questioned Costs	119-121

# **Introductory Section**





# OCEAN CITY BOARD OF EDUCATION

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[www.oceancityschools.org](http://www.oceancityschools.org)

January 15, 2021

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, 2020 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 PreK through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2019-2020 fiscal year with an enrollment of 2,107 students, which is 8 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2019-20	2,107	0.38%
2018-19	2,099	-1.46%
2017-18	2,130	0.05%
2016-17	2,129	-0.70%
2015-16	2,144	0.89%

**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. In March 2020, the Ocean City School District, along with all districts in the State of NJ, implemented remote learning for all students as a result of the COVID-19 pandemic. The District quickly transitioned to a virtual learning platform for students utilizing a variety of platforms to continue students' education through the remainder of 2019-20 school year.

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 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 2020 will be "Raider Ready!"

As a result of the success of the Center at Ocean City High School, the District opened a Wellness Center at the Ocean City Intermediate School for the 2019-20 school year. This new initiative provides age-appropriate supports to our Intermediate School students and builds on the District's commitment to student wellness. The Ocean City Intermediate School was also awarded a continued 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 also 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. 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, 2020, the District's outstanding debt consists of \$5,057,000 in general obligation bonds. This balance consists of \$3,815,000 from the refunding bonds issued in March 23, 2016, and \$1,242,000 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.

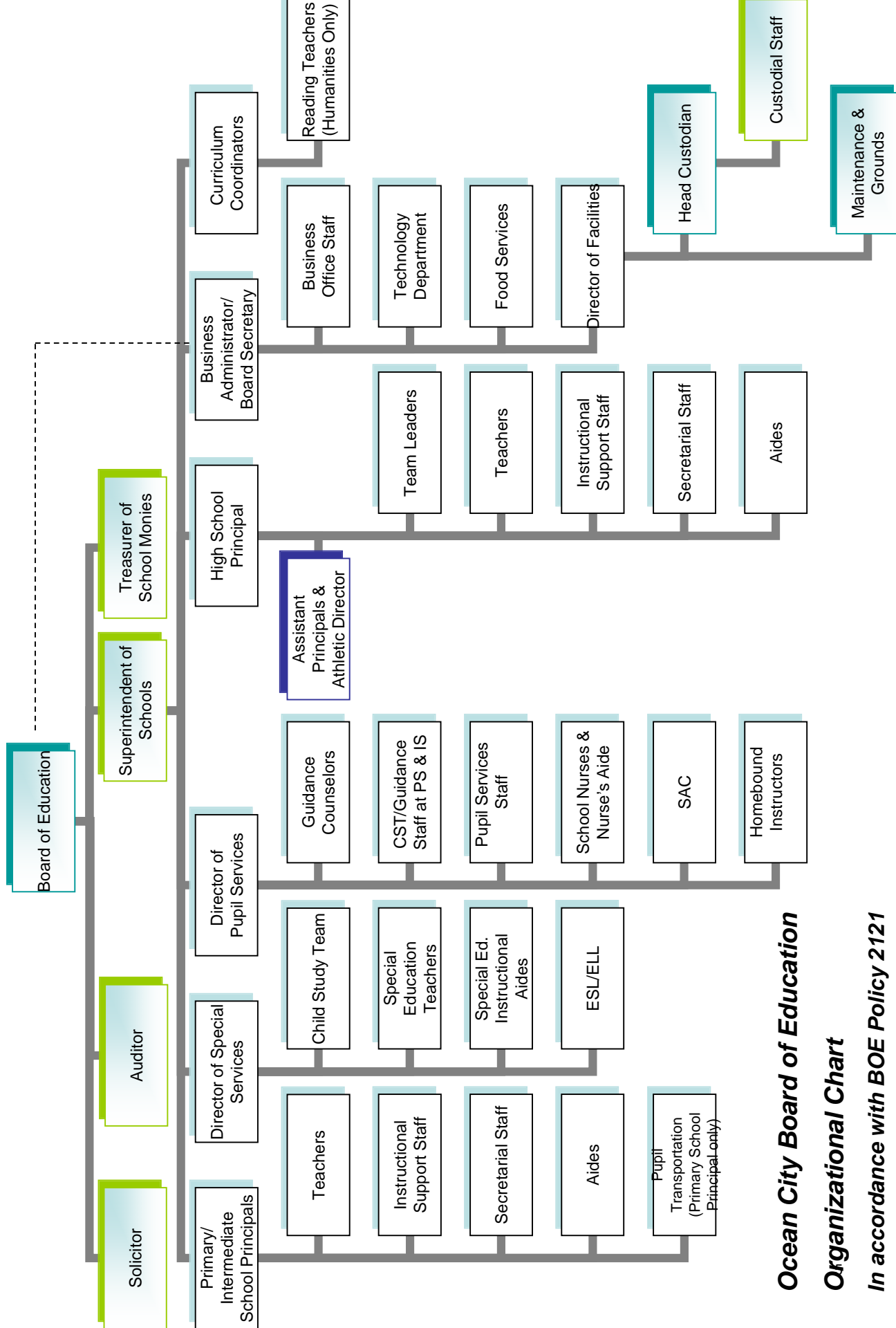
Respectfully submitted,

*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, 2020**

<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
Michael James	2021
Patrick Kane	2023
Cecelia Gallelli- Keyes	2021
Suzanne Morgan	2022
J. Tiffany Prettyman	2023
Gregory Whelan	2023
Andrea Olenik-Hipkins, Upper Township	2021
Frances T. Newman, Upper Township	2021
William Sooy, Upper Township	2021
<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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of the City of Ocean City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ocean City School District's internal control over financial reporting and compliance.

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

Ford, Scott & Associates, LLC.  
Certified Public Accountants

*Leon P. Costello*

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

**January 15, 2021**

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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, 2020  
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, 2020. 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 2020 are as follows:

- In total, net position increased \$1,427,564, which represents an increase of approximately 4 percent from prior year.
- General revenues accounted for \$37,153,064 in revenue or 70 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$15,771,899 or 30 percent of total revenues of \$53,129,243.
- Total assets of governmental activities decreased \$1,424,865 as cash and cash equivalents increased by \$240,807, receivables decreased by \$123,947, and net capital assets decreased by \$1,528,130.
- The School District had \$51,701,679 in expenses; \$15,771,899 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$37,153,064 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$45,469,797 in revenues and \$44,921,677 in expenditures. The General Fund's fund balance increased \$199,377 from 2019.

**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, 2020  
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 2020?" 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, 2020  
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, 2020  
UNAUDITED (CONTINUED)**

Table 1 provides a summary of the School District's net position for 2020 and 2019.

**Table 1  
Net Position**

	2020	2019
<b>Assets</b>		
Current and Other Assets	\$ 13,682,611	13,585,473
Capital Assets	40,536,681	42,079,725
	54,219,292	55,665,198
<b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	1,626,736	1,986,746
<b>Liabilities</b>		
Long-Term Liabilities	16,472,726	19,572,131
Other Liabilities	540,407	686,081
	17,013,133	20,258,212
<b>Deferred Inflows of Resources</b>		
Deferred Inflows Related to Pensions	3,568,076	3,577,677
Gain on Refunding Bonds	61,445	90,919
	3,629,521	3,668,596
<b>Net Position</b>		
Net Investment in Capital Assets	33,186,513	32,048,404
Restricted	12,430,922	12,180,126
Unrestricted	(10,414,061)	(10,503,394)
	\$ 35,203,374	\$ 33,725,136

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

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal year 2020 and 2019

**Table 2  
Changes in Net Position**

	2020	2019
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 11,683,600	11,648,858
Operating Grants and Contributions	4,088,299	6,986,440
General Revenues:		
Property Taxes	25,539,322	25,253,453
Grants and Entitlements	11,715,743	9,311,403
Other	102,279	292,123
Total Revenues	53,129,243	53,492,277
<b>Program Expenses</b>		
Instruction	33,211,113	33,731,887
Support Services:		
Tuition	392,526	393,566
Pupils and Instructional Staff	6,551,418	6,212,947
General and School Administration, Business Operations and Maintenance of Facilities	9,991,357	11,791,178
Pupil Transportation	974,617	1,080,052
Special Schools and Charter Schools	42,729	30,300
Interest on Debt	(114,537)	11,712
Food Service	652,456	709,751
Other		
Total Expenses	51,701,679	53,961,393
Increase in Net Position	\$ 1,427,564	(469,116)

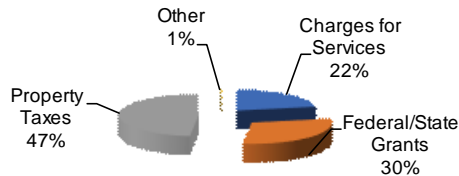
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**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED (CONTINUED)**

**Governmental Activities**

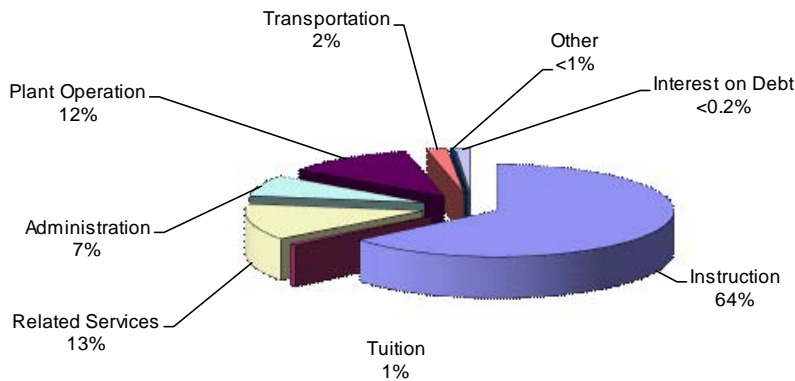
Property taxes made up 47 percent of revenues for governmental activities for the Ocean City School District for fiscal year 2020. The District's total governmental revenues were \$53,129,243 for the year ended June 30, 2020. Charges for services represents 22 percent of revenue and federal, state, and local grants accounted for another 30 percent of revenue.

**Sources of Revenue 2020**



The total cost of all program and services was \$51,701,679. Instruction comprises 66 percent of District expenses.

**Expenses for 2020**



**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 \$1,642.
- Charges for services represent \$240,540 of revenue. This represents amounts paid by patrons for daily food service.

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED (CONTINUED)**

- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$209,278.

**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 2020</b></u>	<u><b>Net Cost of Services 2020</b></u>	<u><b>Total Cost of Services 2019</b></u>	<u><b>Net Cost of Services 2019</b></u>
Instruction	\$ 33,211,113	17,924,292	33,731,887	16,439,958
Support Services:				
Tuition	392,526	392,526	393,566	393,566
Pupils and Instructional Staff	6,551,418	6,365,134	6,212,947	5,823,057
General Administration and Business Services	1,964,974	1,995,174	2,106,104	2,038,817
School Administration	1,902,113	1,931,347	1,917,279	1,855,907
Operation of Plant	6,124,273	6,215,863	7,767,795	7,520,818
Pupil Transportation	974,617	974,617	1,080,053	1,080,053
Interest and Finance Charges	42,726	42,726	30,300	30,300
Other	(114,537)	(114,537)	11,712	11,712
Total Expenses	<u>\$ 51,049,223</u>	<u>35,727,142</u>	<u>53,251,643</u>	<u>35,194,188</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, 2020  
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 \$49,924,846 and expenditures were \$49,427,401. The net increase in fund balance of operations for the year was \$148,702.

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, 2020, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2019	Percent of Increase (Decrease)
Local Sources	\$ 37,466,083	75.0%	503,378	1.3%
State Sources	11,526,964	23.1%	535,686	5.9%
Federal Sources	931,799	1.9%	(12,468)	-1.3%
Total	<u>\$ 49,924,846</u>	100.0%	<u>1,026,596</u>	2.1%

The increase in State funding is due to increased on-behalf Contributions. The increase in local sources is mostly due to an increase 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, 2020, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2019	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 20,035,386	40.5%	193,390	1.0%
Undistributed expenditures	26,054,970	52.7%	(554,845)	-2.3%
Capital Outlay	489,814	1.0%	(1,048,053)	-103.3%
Special Schools & Charter Schools	42,726	0.1%	12,426	40.1%
Debt Service:				
Principal	2,484,000	5.0%	134,000	5.9%
Interest	320,505	0.6%	(100,950)	-20.2%
Total	<u>\$ 49,427,401</u>	100.0%	<u>(1,364,032)</u>	-2.9%

Changes in expenditures were the results of varying factors. The significant change in Capital Outlay is partly due to no current construction projects going on within District.

**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, 2020  
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 \$3,991,499 for FY 2020 and also made on-behalf TPAF post-retirements contributions for the District in the amount of \$1,480,773 and TPAF long-term disability insurance in the amount of \$2,494.
- The State of New Jersey reimbursed the District for TPAF Social Security contributions made during the school year. The amount of \$1,416,150.
- The District expended \$669,111 less than the amount originally budgeted for Health Benefits, \$204,000 of the unexpended balance was transferred to other accounts nearing over-expenditure.

**Capital Assets**

At the end of the fiscal year 2020, the School District had \$40,515,172 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2020 balances compared to 2019.

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

	2020	2019
Land	\$ 879,750	879,750
Land Improvements	107,507	129,530
Sites, Buildings and Building Improvements	38,692,279	40,227,067
Machinery and Equipment	835,636	806,954
Total	\$ 40,515,172	42,043,301

**CITY OF OCEAN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED (CONTINUED)**

**Debt Administration**

At June 30, 2020, the School District had \$7,288,722 of outstanding long term liabilities. Of this amount, \$1,442,271 is for compensated absences, and \$789,451 of serial bonds net of unamortized premiums on bonds issued.

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

	2020	2019
2010 General Obligation Bonds	\$ -	379,000
2014 General Obligation Bonds	1,242,000	1,517,000
2016 Refunding Bonds	3,815,000	5,645,000
Unamortized Bond Premium	789,451	1,168,140
Compensated Absences	1,442,271	1,231,262
Total	\$ 7,288,722	9,940,402

At June 30, 2020, 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, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 11,460,371	1,354,650	12,815,021
Receivables, Net	838,196	24,763	862,959
Internal Balances	1,390,234	(1,390,234)	(0)
Inventory		4,631	4,631
Capital Assets			
Land	879,750		879,750
Capital Assets being Depreciated, net	39,635,421	21,510	39,656,931
Total Assets	<u>54,203,972</u>	<u>15,320</u>	<u>54,219,292</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	<u>1,626,736</u>		<u>1,626,736</u>
<b>LIABILITIES</b>			
Accounts Payable	394,649	9,913	404,562
Payable to State Government	4,343		4,343
Unearned Revenue	78,519	1,912	80,431
Accrued Interest	51,071		51,071
Noncurrent Liabilities			
Due Within One Year	2,210,000		2,210,000
Due Beyond One Year	5,078,723		5,078,723
Net Pension Liability	9,184,003		9,184,003
Total Liabilities	<u>17,001,308</u>	<u>11,825</u>	<u>17,013,133</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	3,568,076		3,568,076
Gain on Refunding Bonds	61,445		61,445
Total Deferred Outflows of Resources	<u>3,629,521</u>	<u>-</u>	<u>3,629,521</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	33,165,003	21,510	33,186,513
Restricted for:			
Capital Projects	4,224,818		4,224,818
Other Purposes	8,206,104		8,206,104
Unrestricted (Deficit)	(10,396,046)	(18,015)	(10,414,061)
Total Net Position (Deficit)	<u>\$ 35,199,879</u>	<u>3,495</u>	<u>35,203,374</u>

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





## **FUND FINANCIAL STATEMENTS**

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



**OCEAN CITY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 11,460,371				11,460,371
Due from Other Funds	1,578,760				1,578,760
Receivables from Other Governments	358,758	333,296			692,054
Other Receivables	131,961	14,181			146,142
<b>Total Assets</b>	<b>13,529,850</b>	<b>347,477</b>	-	-	<b>13,877,327</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	318,560	76,089			394,649
Due to Other Funds		188,526			188,526
Payable to State Government		4,343			4,343
Unearned Revenue		78,519			78,519
<b>Total Liabilities</b>	<b>318,560</b>	<b>347,477</b>	-	-	<b>666,037</b>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	975,504				975,504
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	862,255				862,255
Capital Projects Fund			-		-
Debt Service				-	-
Committed to:					
Capital Reserve	4,224,818				4,224,818
Maintenance Reserve	2,595,684				2,595,684
Tuition Reserve	3,400,000				3,400,000
Emergency Reserve	423,732				423,732
Assigned to:					
Designated for					
Subsequent Year's Expenditures	-				-
Other Purposes	82,350				82,350
Unassigned					
General Fund	646,947				646,947
Special Revenue Fund		-			-
	<b>13,211,290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,211,290</b>
<b>Total Liabilities and Fund Balances</b>	<b>13,529,850</b>	<b>347,477</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 \$68,531,728 and the accumulated depreciation is \$28,016,556.	40,515,172
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.	(61,445)
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(51,071)
Pension Liabilities Net of Deferred Outflows & Inflows	(11,125,344)
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.	(7,288,723)
Net Position of governmental activities	<u>35,199,879</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, 2020**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
Local Sources:				
Local Tax Levy	\$ 22,734,817	-	2,804,505	25,539,322
Tuition Charges	11,443,060			11,443,060
Interest Earned on Investments	3,000			3,000
Miscellaneous	243,742	236,959		480,701
Total Local Sources	34,424,619	236,959	2,804,505	37,466,083
State Sources	11,014,705	512,259		11,526,964
Federal Sources	30,473	901,326		931,799
Total Revenues	45,469,797	1,650,544	2,804,505	49,924,846
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	14,651,927			14,651,927
Special Education Instruction	2,422,205	1,407,905		3,830,110
Other Special Instruction	1,553,349			1,553,349
Support Services:				
Tuition	392,526			392,526
Student & Instruction Related Serv.	4,068,419	286,974		4,355,393
General Administrative Services	709,429			709,429
School Administrative Services	1,264,528			1,264,528
Plant Operation and Maintenance	4,236,018			4,236,018
Pupil Transportation	974,617			974,617
Central Services	596,889			596,889
Unallocated Employee Benefits	13,525,570			13,525,570
Transfer to Charter School	42,726			42,726
Debt Service:				
Principal			2,484,000	2,484,000
Interest and Other Charges			320,505	320,505
Capital Outlay	483,474	6,340		489,814
Total Expenditures	44,921,677	1,701,219	2,804,505	49,427,401
Excess (Deficiency) of Revenues Over Expenditures	548,120	(50,675)	-	497,445
<b>OTHER FINANCING SOURCES (USES)</b>				
Cancellation of Prior Year Grant				-
Transfer in	-		-	-
Transfer out	(348,743)			(348,743)
Total Other Financing Sources and Uses	(348,743)	-	-	(348,743)
Net Changes in Fund Balance	199,377	(50,675)	-	148,702
Fund Balance - July 1	13,011,913	50,675	-	13,062,588
Fund Balance - June 30	\$ 13,211,290	-	-	13,211,290

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, 2020**

Total Net Change in Fund Balance - Governmental Funds (from B-2)		148,702
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.		
Depreciation expense	(1,957,911)	
Capital Outlay	429,782	(1,528,129)
Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long - term liabilities in the statement of Net Position and is not reported in the statement of activities.		
		2,484,000
Governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.		
Amortization of Bond Premium	29,474	
Amortization of Gain on Refunding Bonds	378,689	408,163
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of of employee contributions is reported as pension expense.		
District pension contributions - PERS	495,787	
Cost of benefits earned net of employee contributions	(398,470)	97,317
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.		
		(211,009)
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.		
		26,879
Change in Net Position of Governmental Activities		1,425,923

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, 2020**

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	1,354,650	1,354,650
Intergovernmental Accounts Receivable	24,763	24,763
Inventories	4,631	4,631
	<u>1,384,044</u>	<u>1,384,044</u>
Total Current Assets		
Noncurrent Assets:		
Furniture, Machinery & Equipment	234,654	234,654
Less: Accumulated Depreciation	(213,144)	(213,144)
Total Noncurrent Assets	<u>21,510</u>	<u>21,510</u>
	<u>1,405,554</u>	<u>1,405,554</u>
Total Assets		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	9,913	9,913
Interfund Payable	1,390,234	1,390,234
Unearned Revenue	1,912	1,912
	<u>1,402,059</u>	<u>1,402,059</u>
Total Current Liabilities		
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Related Debt	21,510	21,510
Unrestricted	(18,015)	(18,015)
	<u>3,495</u>	<u>3,495</u>
Total Net Position		

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

**OCEAN CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
Operating Revenues:		
Charges for Services:		
Reimbursable Program Daily Sales	\$ 89,945	89,945
Other Daily Sales	138,150	138,150
Special Functions	7,930	7,930
Vending Machine Commissions	4,515	4,515
	<u>240,540</u>	<u>240,540</u>
Operating Expenses:		
Cost of Sales-Reimbursable	89,298	89,298
Cost of Sales- Non Reimbursable	49,327	49,327
Salaries and Benefits	437,618	437,618
Direct Costs	8,688	8,688
Administration Fee	12,273	12,273
Management Fee	4,909	4,909
Depreciation	14,913	14,913
Miscellaneous	35,430	35,430
Total Operating Expenses	<u>652,456</u>	<u>652,456</u>
Operating (Loss)	(411,916)	(411,916)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	3,384	3,384
Federal Sources:		
National School Lunch Program	138,664	138,664
School Breakfast Program	37,988	37,988
Food Distribution Program	29,242	29,242
Interest and Investment Income	19,280	19,280
Total Nonoperating Revenues (Expenses)	<u>228,558</u>	<u>228,558</u>
Income (Loss) before Contributions & Transfers	(183,358)	(183,358)
Transfers In (Out)	<u>185,000</u>	<u>185,000</u>
Changes in Net Position	1,642	1,642
Total Net Position - Beginning	<u>1,853</u>	<u>1,853</u>
Total Net Deficit - Ending	<u>\$ 3,495</u>	<u>3,495</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, 2020**

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Other Income	\$ 232,874	\$ 232,874
Payments for Food and Supplies	(215,731)	(215,731)
Payments for Employees and Benefits	(437,618)	(437,618)
Net Cash Provided by Operating Activities	<u>(420,475)</u>	<u>(420,475)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	3,956	3,956
Federal Sources	216,725	216,725
Interfunds	171,405	171,405
Net Cash Provided by Noncapital Financing Activities	<u>392,086</u>	<u>392,086</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest and Dividends	19,280	19,280
Net Cash Provided by Investing Activities	<u>19,280</u>	<u>19,280</u>
Net Increase in Cash and Cash Equivalents	(9,109)	(9,109)
Balance - Beginning of Year	1,363,759	1,363,759
Balance - End of Year	<u>\$ 1,354,650</u>	<u>\$ 1,354,650</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income	(411,916)	(411,916)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Net Amortization	14,913	14,913
(Increase) Decrease in Inventories	(791)	(791)
Increase (Decrease) in Accounts Payable	(15,015)	(15,015)
Increase (Decrease) in Unearned Revenue	(7,666)	(7,666)
Total Adjustments	<u>(8,559)</u>	<u>(8,559)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (420,475)</u>	<u>\$ (420,475)</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, 2020**

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 260,344	\$ 80,690	\$ 365,507
Investments, at Fair Value:			
Certificates of Deposit	177,390	-	-
Total Investments	177,390	-	-
Interfund Receivable	-	-	-
Total Assets	437,734	80,690	365,507
<b>LIABILITIES</b>			
Accounts Payable	48,985		
Payable to Student Groups			289,498
Payroll Deductions and Withholdings			76,009
Total Liabilities	48,985	-	\$ 365,507
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	\$ 388,749		
Reserved for Scholarships		\$ 80,690	

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, 2020**

	Unemployment Compensation	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 75,079	\$ -
Other		72,600
Total Contributions	75,079	72,600
Investment Earnings:		
Interest	3,201	1,424
Total Additions	78,280	74,024
<b>DEDUCTIONS</b>		
Unemployment Claims	86,398	-
Annual Assessment	-	
Scholarships Awarded	-	97,550
Total Deductions	86,398	97,550
Changes in Net Position	(8,118)	(23,526)
Net Position - Beginning of the Year	396,867	104,216
Net Position - End of the Year	\$ 388,749	\$ 80,690

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, 2020**

**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, 2020 of 2,107 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, 2020**

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.
- 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.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

- 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, 2020**

**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, 2020**

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, 2020, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	4,631
Supplies		0
	\$	4,631

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, 2020 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, 2020**

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, 2020**

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

Regular Programs-Instruction	
Kindergarten-Salaries of Teachers	(148,888)
Regular Programs-Home Instruction	
Purchased Professional-Educational Svcs	102,500
Regular Programs-Undistributed Instruction	
General Supplies	142,012
Textbooks	109,102
Behavioral Disabilities	
Salaries for Teachers	(113,143)
Undistributed Expend.- Speech, PT, OT & Related Svcs	
Purchased Professional-Educational Svcs	85,200
Unallocated Benefits- Employee Benefits	
Health Benefits	(204,000)

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

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

**10. Tuition Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on an agreement with various Boards of Education with a negotiated amount up to the final cost as determined by State of New Jersey.

**11. Tuition Payable:**

Tuition charges for the fiscal years 2019/20 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, 2020**

**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 after December 31, 2020, will have an 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 fiscal periods beginning after December 31, 2022, may have an 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, which is effective for fiscal periods beginning after December 31, 2021, 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 31, 2022, will not have any effect on the District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement, which is effective for fiscal periods beginning after December 31, 2022, and all reporting periods thereafter, will not have any effect on the District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal years beginning after December 31, 2023, and all reporting periods thereafter, will not have any effect on the District's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription Based Information Technology Arrangements". This statement, which is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the District's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement, which is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, 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, 2020, \$984,436.84 of the District's bank balance of \$14,641,065.82 was exposed to custodial credit risk.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - INVESTMENTS**

As of June 30, 2020, the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
Certificate of Deposit	November 23, 2020	\$ 17,723
Certificate of Deposit	April 9, 2021	14,044
Total		<u>\$ 31,767</u>

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

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

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

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2020, consisted of accounts (extraordinary services), interfund, intergovernmental, and other revenues. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government Wide Financial Statements</u>
State Aid	\$ 692,054	692,054
Due from Other Funds	1,578,760	
Other	146,142	
Gross Receivables	<u>2,416,956</u>	<u>692,054</u>
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 2,416,956</u>	<u>692,054</u>

**NOTE 5 – INTERFUND TRANSFERS AND BALANCES**

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

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

The following interfund balances remained on the fund financial statements at June 30, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,578,760	
Special Revenue Fund		188,526
Food Service Fund		1,390,234
	\$ 1,578,760	1,578,760

The general fund receivable is comprised of two interfunds. The first is due from the special revenue fund in the amount of \$188,526 which is a result of the general fund paying expenses for the special revenue fund. The second interfund of \$1,390,234 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, 2020, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 879,750			879,750
Total capital assets not being depreciated	879,750	-	-	879,750
Capital assets being depreciated:				
Land Improvements	555,071			555,071
Buildings and building improvements	62,903,167			62,903,167
Machinery and Equipment	3,763,958	429,782		4,193,740
Total capital assets being depreciated at historical cost	67,222,196	429,782	-	67,651,978
Less accumulated depreciation for:				
Land Improvements	(425,541)	(22,023)		(447,564)
Buildings and improvements	(22,676,099)	(1,534,788)		(24,210,887)
Equipment	(2,957,005)	(401,100)		(3,358,105)
Total capital assets being depreciated, net of accumulated depreciation	(26,058,645)	(1,957,911)	-	(28,016,556)
Governmental activity capital assets, net	42,043,301	(1,528,129)	-	40,515,172
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Equipment	234,654		-	234,654
Less accumulated depreciation	(198,232)	(14,913)	-	(213,145)
Enterprise Fund capital assets, net	36,422	(14,913)	-	21,509
Grand Total	\$ 42,079,723	(1,543,042)	-	40,536,681

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

Depreciation expense was charged to governmental functions:

Regular Instruction	\$ 1,067,993
Special Education Instruction	266,525
Other Special Instruction	120,110
Student and Instruction Related Services	305,589
School Administrative Services	94,303
General and Business Administrative Services	59,024
Central Services	44,366
	<u>\$ 1,957,911</u>

No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$320,505, for the entity wide statements this was modified by the change in accrued interest of \$26,878.75; an amortization of premium on bond sale of (\$378,688.31); an amortization of gain on refunding \$29,474.23 and the state charge back to the District for debt service aid of \$150,466 for a total charge of \$238,124.

**NOTE 7 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2020 are as follows:

	<u>Balance July 1, 2019</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 1,231,262	211,009		1,442,271	
Bonds Payable	7,541,000		2,484,000	5,057,000	2,210,000
Net Pension Liability	9,631,729	48,061	495,787	9,184,003	
Unamortized Costs:					
Bond Premiums	1,168,141		378,690	789,451	
	<u>\$ 19,572,132</u>	<u>259,070</u>	<u>3,358,477</u>	<u>16,472,725</u>	<u>2,210,000</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, 2020 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, 2020 is \$0.

\$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, 2020 is \$1,242,000.

\$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, 2020 is \$3,815,000.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020 is \$29,474 and the remaining deferred inflow of resources is \$61,445.

Debt service requirements on serial bonds payable at June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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
	<u>\$ 5,057,000</u>	<u>356,093</u>	<u>5,413,093</u>

**NOTE 8 – OPERATING LEASES**

The District has commitments to lease certain office equipment under operating leases that expire in fiscal year 2020. Total operating lease payments made during the year ended June 30, 2020 were \$44,366. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2021	35,373
2022	35,373
Total future minimum lease payments	<u>\$ 70,747</u>

**NOTE 9 – UNEARNED REVENUE**

The District has unearned revenue reflected on the Statement of Net Position in the District-Wide Financial Statements of \$130,212. This consists of unearned revenue of \$128,300 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 \$1,912 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>.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, 2019 and 2018 were \$1,416,150, \$1,400,072 and \$1,402,305 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, 2020, 2019 and 2018 were \$498,320, \$489,235 and \$449,645 respectively, equal to the required contributions for each year.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

The Board's total payroll for the year ended June 30, 2020 was \$23,410,450. The TPAF covered payroll was \$19,686,835 and the PERS covered payroll was \$3,723,615. Information for prior years was not available.

During the fiscal years ended June 30, 2020, 2019 and 2018, the State of New Jersey contributed \$1,480,773, \$1,640,852 and \$1,791,076, 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 \$3,991,499, \$3,617,411, and \$2,773,084, 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 \$2,494 for long-term disability insurance contribution in 2020. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB standards.

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

Significant Legislation

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

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

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



**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, the District reported a liability of \$9,184,003 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the District's proportion was .05096990120%, which was an increase of 4.19% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$398,470. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,841	40,571
Changes of assumptions	917,056	3,187,738
Net difference between projected and actual earnings on pension plan investments		144,973
Changes in proportion and differences between District contributions and proportionate share of contributions	544,839	194,794
District contributions subsequent to the measurement date	495,787	
Total	<u>\$ 2,122,523</u>	<u>\$ 3,568,076</u>

\$495,787 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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	\$ (231,410)
2020	(713,715)
2021	(654,251)
2022	(310,145)
2023	(31,819)
Total	<u>\$ (1,941,340)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate:

Price	2.75%
Wage	3.25%

Salary increases:

Through 2026	2.00% - 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)

Investment rate of return: 7.00%

Pre-retirement mortality rates were based on the RP-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4%

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disable Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

Asset Class	Target	Long-Term
	Allocation	Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

*Discount Rate*

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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.*

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

The following presents the collective net pension liability of the participated employers as of June 30, 2019, 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 (5.68%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the net pension liability	\$ 11,022,326	9,184,003	7,636,755.18

*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, 2020, 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>110,563,731</u>
Total	<u>\$ 110,563,731</u>

The net pension liability was measured as of June 30, 2019 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, 2019, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$6,521,344 and revenue of \$6,521,344 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,168,189	384,354
Changes of assumptions	15,726,335	30,920,493
Net difference between projected and actual earnings on pension plan investments		294,321
Changes in proportion and differences between District contributions and proportionate share of contributions	583,645	
District contributions subsequent to the measurement date	<u>3,622,302</u>	
Total	<u>\$ 22,100,471</u>	<u>31,599,168</u>

\$3,622,302 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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	\$ (469,856)
2020	(1,214,738)
2021	(1,087,620)
2022	(2,098,060)
2023	(4,107,392)
Thereafter	<u>(4,143,333)</u>
Total	<u>\$ (13,120,999)</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2019 actuarial valuation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	
Price	2.75%
Wage	3..25%
Salary increases	
Through 2026	1.55% - 4.55% (based on years of service)
Thereafter	2.75% - 5.65% (based on years of service)
Investment rate of return	7.00%

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

***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, 2019) 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, 2019 are summarized in the following table:

	Target	Long-Term
Asset Class	Allocation	Expected Real Rate of Return.
Risk Mitigation Services	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

*Discount rate.* The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

expected rate of return on plan investments was applied to projected benefit payments through 2054, 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 5.60% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.60%) or 1-percentage point higher (6.60%) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
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**

*General Information about the OPEB Plan*

The State of New Jersey Provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 year of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 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 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 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. The Fiscal Year 2019 total State OPEB liability to provide these benefits is

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

\$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

*Total OPEB Liability*

The State, a non-employer 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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA 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/board of trustees. 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, 2019 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:

Inflation rate – 2.50%

Salary Increases –

TPAF - 1.55% - 3.05% based on years of service.  
PERS – 2.00% - 6.00% based on years of service

Mortality Rates –

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), AND "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

Health Care Trend Assumptions –

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.



**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

Discount Rate –

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

The discount rates as of June 30, 2017, 2018, and 2019 are 3.58%, 3.87%, and 3.50%, respectively.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at 6/30/18	\$	46,110,832,982
Changes for the year:		
Service cost		1,734,404,850
Interest		1,827,787,206
Differences between Expected & Actual Experiences		(7,323,140,818)
Changes in assumptions or other inputs		622,184,027
Contributions: Member		37,971,171
Benefit payments		<u>(1,280,958,373)</u>
Net changes		<u>(4,381,751,937)</u>
Balance at 6/30/19	\$	<u>41,729,081,045</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

*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:

	1% Decrease <u>(2.50%)</u>	Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Total OPEB Liability (School Retirees)	49,298,534,898	41,729,081,045	35,716,321,820

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

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

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	34,382,902,820	41,729,081,045	51,453,912,586

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of \$759,531 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.

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, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (10,484,965,300)
Changes of assumptions		(8,481,529,343)
Changes in proportion and differences between District contributions and proportionate share of contributions		(1,921,145,183)
Contributions subsequent to the measurement date	<u>1,190,373,242</u>	
Total	<u>\$ 1,921,145,183</u>	<u>\$ (20,887,639,826)</u>

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

<u>Year ended June 30,</u>	
2020	\$ (2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	<u>(6,233,858,733)</u>
Total	<u>\$ (18,966,494,643)</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.

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2020, no liability existed for compensated absences in the Food Service Enterprise Fund.

**NOTE 15 – DEFERRED COMPENSATION**

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

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

**NOTE 16 – CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve account for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019		\$	4,048,818
Deposits			
Interest earned	\$	1,000	
Board Resolution - June		175,000	
			<u>176,000</u>
Withdrawals:			
Withdrawal by Budget			<u>                    </u>
Ending balance, June 30, 2020		\$	<u>4,224,818</u>

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 17 – MAINTENANCE RESERVE ACCOUNT**

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

The activity of the Maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 2,594,684
Interest earned	1,000
Excess Surplus Transfer by	
Board Resolution	400,000
Withdrawal by Budget	<u>(400,000)</u>
Ending balance, June 30, 2020	<u><u>\$2,595,684</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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 3,400,000
Excess Surplus Transfer by	
Board Resolution	1,900,000
Withdrawal by Budget	<u>(1,900,000)</u>
Ending balance, June 30, 2020	<u><u>\$3,400,000</u></u>

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

Beginning balance, July 1, 2019	\$ 422,732
Interest earned	1,000
Excess Surplus Transfer by	
Board Resolution	
Withdrawal by Budget	
Ending balance, June 30, 2020	<u><u>\$423,732</u></u>

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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	\$ 82,350
Special Revenue Fund - Encumbered Orders	39
	\$ 82,389

Of the general fund encumbrances, \$0 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	\$ 75,079	3,201	86,398	388,749
2018-2019	29,295	1,228	8,049	396,867
2017-2018	39,695	391	12,932	374,393

**NOTE 22 – CONTINGENT LIABILITIES**

Federal and State Grants

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

**OCEAN CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 23 – FUND BALANCE APPROPRIATED**

General Fund – Of the \$13,544,214 General Fund fund balance, at June 30, 2020, \$82,350 is reserved for encumbrances; \$862,255 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$975,504 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2020), \$4,224,818 has been reserved in the Capital Reserve Account; \$2,595,684 has been reserved in a Maintenance Reserve Account; \$3,400,000 has been reserved in a Tuition Reserve Account; \$423,732 has been reserved in an Emergency Reserve Account; and \$979,871 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, 2020 is \$1,837,759, of which \$975,504 has been included in the 2021 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, 2020 through January 15, 2021, 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, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 22,734,817	\$ -	\$ 22,734,817	\$ 22,734,817	\$ -
Tuition	11,423,286		11,423,286	11,443,060	19,774
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	200,000		200,000	243,742	43,742
<b>Total Local Sources</b>	<b>34,361,103</b>	<b>-</b>	<b>34,361,103</b>	<b>34,424,619</b>	<b>63,516</b>
State Sources:					
Categorical Special Education Aid	805,507		805,507	805,507	-
School Choice Aid	2,629,127		2,629,127	2,629,127	-
Security Aid	203,070		203,070	203,070	-
Transportation Aid	252,189		252,189	252,189	-
Extraordinary Aid			-	211,631	211,631
Nonpublic Transportation			-	4,350	4,350
TPAF Pension (On-Behalf - Non-Budgeted)			-	3,991,499	3,991,499
TPAF Post-retirement (On-Behalf - Non-Budgeted)			-	1,480,773	1,480,773
TPAF Long Term Disability Insurance			-	2,494	2,494
TPAF Social Security (Reimbursed-Non-Budgeted)			-	1,416,150	1,416,150
<b>Total State Sources</b>	<b>3,889,893</b>	<b>-</b>	<b>3,889,893</b>	<b>10,996,790</b>	<b>7,106,897</b>
Federal Sources:					
Medicaid Reimbursement	30,468		30,468	30,473	5
<b>Total Federal Sources</b>	<b>30,468</b>	<b>-</b>	<b>30,468</b>	<b>30,473</b>	<b>5</b>
<b>Total Revenues</b>	<b>38,281,464</b>	<b>-</b>	<b>38,281,464</b>	<b>45,451,882</b>	<b>7,170,418</b>

**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	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	295,195	(5,000)	290,195	288,156	2,039
Grades 1 - 5 Salaries of Teachers	2,918,571	(148,888)	2,769,683	2,711,233	58,450
Grades 6 - 8 Salaries of Teachers	2,298,214	54,100	2,352,314	2,280,841	71,473
Grades 9 - 12 Salaries of Teachers	8,252,490	(53,350)	8,199,140	7,947,020	252,120
Regular Programs - Home Instruction					
Salaries of Teachers	65,000	(27,500)	37,500	26,065	11,435
Purchased Professional - Educational Services	75,000	102,500	177,500	177,301	199
Other Purchased Services (400-500 series)	5,000		5,000	960	4,040
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	3,500	17,000	20,500	17,698	2,802
Purchased Technical Services	144,770		144,770	121,430	23,340
Other Purchased Services (400-500 series)	167,024	(49,100)	117,924	63,672	54,252
General Supplies	743,190	142,012	885,202	803,725	81,477
Textbooks	132,847	109,102	241,949	213,159	28,790
Other Objects	9,950		9,950	667	9,283
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>15,110,751</b>	<b>140,876</b>	<b>15,251,627</b>	<b>14,651,927</b>	<b>599,700</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Learning and or Language Disabilities					
Salaries of Teachers	220,355	51,800	272,155	271,856	299
Other Salaries for Instruction	46,161	(830)	45,331	3,495	41,836
General Supplies	7,500		7,500	6,933	567
Total Learning and or Language Disabilities	<b>274,016</b>	<b>50,970</b>	<b>324,986</b>	<b>282,284</b>	<b>42,702</b>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Behavioral Disabilities					
Salaries of Teachers	113,143	(113,143)	-		-
Other Salaries for Instruction	22,257	(22,257)	-		-
General Supplies	500		500		500
Total Behavioral Disabilities	135,900	(135,400)	500	-	500
Multiple Disabilities					
Salaries of Teachers	304,829	1,700	306,529	252,734	53,795
Other Salaries for Instruction	81,713	17,100	98,813	54,272	44,541
General Supplies	5,322	430	5,752	3,801	1,951
Total Multiple Disabilities	391,864	19,230	411,094	310,807	100,287
Resource Room/Resource Center					
Salaries of Teachers	1,792,183	61,600	1,853,783	1,825,260	28,523
General Supplies	6,292		6,292	3,854	2,438
Total Resource Room/Resource Center	1,798,475	61,600	1,860,075	1,829,114	30,961
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,600,255</b>	<b>(3,600)</b>	<b>2,596,655</b>	<b>2,422,205</b>	<b>174,450</b>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	219,231		219,231	212,656	6,575
Total Basic Skills/Remedial - Instruction	219,231	-	219,231	212,656	6,575
Bilingual Education - Instruction					
Salaries of Teachers	161,878	3,600	165,478	165,425	53
General Supplies	3,200		3,200	300	2,900
Total Bilingual Education - Instruction	165,078	3,600	168,678	165,725	2,953

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Cocurricular Activities - Instruction					
Salaries	206,200	-	206,200	204,741	1,459
Supplies & Materials	2,400		2,400		2,400
Transfers to Cover Deficit (Agency Funds)	54,000		54,000	31,525	22,475
Total School-Spon. Cocurricular Activities - Inst.	262,600	-	262,600	236,266	26,334
School-Spon. Cocurricular Athletics - Instruction					
Salaries	482,691	3,800	486,491	485,441	1,050
Other Purchased Services (400-500 series)	152,405	(3,800)	148,605	127,840	20,765
Supplies & Materials	112,400	1,534	113,934	102,341	11,593
Other Objects	8,500		8,500	3,670	4,830
Transfers to Cover Deficit (Agency Funds)	76,510		76,510	32,199	44,311
Total School-Spon. Cocurricular Athletics - Inst.	832,506	1,534	834,040	751,491	82,549
Other Instructional Programs - Instruction					
Other Purchased Services (300-500 series)	1,425		1,425		1,425
Supplies & Materials	1,500		1,500	845	655
Other Objects	439		439		439
Total Other Instructional Programs - Instruction	3,364	-	3,364	845	2,519
Alternative Education Program- Instruction					
Salaries of Teacher	296,015		296,015	186,366	109,649
Total Alternative Education Program-Instructional	296,015	-	296,015	186,366	109,649
<b>TOTAL INSTRUCTION</b>	<b>19,489,800</b>	<b>142,410</b>	<b>19,632,210</b>	<b>18,627,481</b>	<b>1,004,729</b>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	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		65,000	58,193	6,807
Tuition to Other LEAs Within the State-Special	60,000	(27,801)	32,199	32,199	
Tuition to County Voc. School Dist. - Regular	34,223		34,223	34,223	
Tuition to CSSD & Regional Day Schools	217,413	(59,600)	157,813	123,744	34,069
Tuition to Private Schools for the Disabled - Within State	122,000		122,000	112,566	9,434
Tuition to State Facilities	33,000		33,000	33,000	
Tuition Other		63,800	63,800	63,800	
<b>Total Undistributed Expenditures - Instruction</b>	<b>531,636</b>	<b>(23,601)</b>	<b>508,035</b>	<b>392,526</b>	<b>115,509</b>
Undistributed Expend. - Attend. & Social Worker Salaries	78,650		78,650	78,625	25
Purchased Professional and Technical Services	72,000		72,000	48,867	23,133
<b>Total Undist. Expend. - Attend. &amp; Social Worker</b>	<b>150,650</b>	<b>-</b>	<b>150,650</b>	<b>127,492</b>	<b>23,158</b>
Undistributed Expend. - Health Services					
Salaries	312,533	-	312,533	289,966	22,567
Purchased Professional and Technical Services	15,000		15,000	14,400	600
Other Purchased Services (400-500 series)	1,226		1,226	788	438
Supplies & Materials	9,750	675	10,425	6,726	3,699
Other Objects	1,000		1,000	555	445
<b>Total Undistributed Expend. - Health Services</b>	<b>339,509</b>	<b>675</b>	<b>340,184</b>	<b>312,435</b>	<b>27,749</b>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Speech, PT, OT & Related Services					
Salaries	193,410	2,800	196,210	193,207	3,003
Purchased Professionals - Educational Services	168,000	85,200	253,200	253,127	73
Supplies & Materials	2,718	2,000	4,718	4,682	36
<b>Total Undist. Expend.-Speech, PT, OT &amp; Rel. Svces</b>	<b>364,128</b>	<b>90,000</b>	<b>454,128</b>	<b>451,016</b>	<b>3,112</b>
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	262,359	(70,000)	192,359	122,405	69,954
Purchased Professional-Educational Services	25,000	(20,000)	5,000	547	5,000
Supplies & Materials	5,000		5,000		4,453
<b>Total Undist. Expend. - Other Support Services Students - Extraordinary Services</b>	<b>292,359</b>	<b>(90,000)</b>	<b>202,359</b>	<b>122,952</b>	<b>79,407</b>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	798,816	20,010	818,826	818,727	99
Salaries of Secretarial and Clerical Assistants	108,200	(6,001)	102,199	101,970	229
Other Purchased Services (400-500 series)	41,700	120	41,820	35,493	6,327
Supplies & Materials	9,700		9,700	3,595	6,105
Other Objects	1,250		1,250	950	300
<b>Total Undistributed Expend. - Guidance</b>	<b>959,666</b>	<b>14,129</b>	<b>973,795</b>	<b>960,735</b>	<b>13,060</b>



**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	661,242	69,500	730,742	730,678	64
Salaries of Secretarial and Clerical Assistants	144,302		144,302	144,301	1
Purchased Professional - Education Services	88,100	9,900	98,000	97,191	809
Other Purchased Prof. And Tech. Services	18,500	(5,700)	12,800	9,357	3,443
Other Purchased Services (400-500 series)	15,000	(8,000)	7,000	4,344	2,656
Supplies & Materials	17,475	108	17,583	17,452	131
Other Objects	1,000		1,000		1,000
<b>Total Undist. Expend. - Child Study Teams</b>	<b>945,619</b>	<b>65,808</b>	<b>1,011,427</b>	<b>1,003,323</b>	<b>8,104</b>
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisor of Instruction	127,650	2,500	130,150	130,148	2
Salaries of Sec and Clerical Assist.	23,131		23,131	22,274	857
Other Salaries	30,000	(2,500)	27,500	16,345	11,155
Other Purch Prof. and Tech. Services	31,105		31,105	11,475	19,630
Other Purchased Services (400-500 series)	500		500	173	327
Supplies & Materials	3,000		3,000	125	2,875
Other Objects	2,500		2,500	2,130	370
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<b>217,886</b>	<b>-</b>	<b>217,886</b>	<b>182,670</b>	<b>35,216</b>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	709,948	(75,630)	634,318	627,341	6,977
Purchased Professional and Technical Services	76,200		76,200	57,494	18,706
Other Purchased Services (400-500 series)	400		400	400	400
Supplies & Materials	48,870		48,870	42,990	5,880
Other Objects	2,500		2,500		2,500
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>837,918</b>	<b>(75,630)</b>	<b>762,288</b>	<b>727,825</b>	<b>34,463</b>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors Inst.	127,650	2,500	130,150	130,148	2
Purchased Professional - Educational Services	79,500	(3,225)	76,275	39,256	37,019
Other Purchased Services (400-500 series)	18,700	725	19,425	9,962	9,463
Supplies and Materials	1,000		1,000	605	395
Total Undistributed Expenditures - Instructional Staff Training Services	226,850	-	226,850	179,971	46,879
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	264,386		264,386	261,023	3,363
Legal Services	150,000		150,000	90,743	59,257
Audit Fees	30,000		30,000	24,500	5,500
Architectural/Engineering Services	34,000		34,000	4,960	29,040
Other Purchased Professional Services	24,000		24,000	21,175	2,825
Purchased Technical Services	19,200	11,070	30,270	30,270	-
Communications/Telephone	162,000	(13,770)	148,230	119,816	28,414
BOE Other Purchased Services	7,150		7,150	5,998	1,152
Misc. Purch Serv (400-500) [Other than 530 & 585]	119,500	2,700	122,200	119,498	2,702
General Supplies	8,500	33	8,533	7,186	1,347
BOE In-house Train/Meeting Supplies	500		500	500	500
Judgments Against the School	5,000		5,000		5,000
Miscellaneous Expenditures	5,000	210	5,210	5,210	-
BOE Membership Dues/Fees	19,500	(210)	19,290	19,050	240
Total Undistr. Expend. - Support Svs - Gen.Admin.	848,736	33	848,769	709,429	139,340

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	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.	911,760	3,000	914,760	913,752	1,008
Salaries of Secretarial Asst.	300,134	(3,000)	297,134	287,131	10,003
Purchased Professional and Technical Services	1,000		1,000		1,000
Other Purchased Services (400-500 series)	36,900		36,900	26,274	10,626
Supplies and Materials	57,365	-	57,365	33,833	23,532
Other Objects	5,800		5,800	3,538	2,262
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>1,312,959</b>	<b>-</b>	<b>1,312,959</b>	<b>1,264,528</b>	<b>48,431</b>
Undist. Expend. - Central Services					
Salaries	496,561		496,561	468,676	27,885
Purchased Professional Services	21,065		21,065	6,795	14,270
Purchased Technical Services	20,400		20,400	17,087	3,313
Miscellaneous Purchased Services	20,500	-	20,500	8,140	12,360
Supplies and Materials	10,000		10,000	4,523	5,477
Miscellaneous Expenditures	4,200		4,200	3,072	1,128
<b>Total Undistributed Expenditures - Central Services</b>	<b>572,726</b>	<b>-</b>	<b>572,726</b>	<b>508,293</b>	<b>64,433</b>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Admin Info Tech.					
Purchased Technical Services	109,500		109,500	75,394	34,106
Other Purchased Services (400-500 series)	400		400		400
Supplies and Materials	15,000		15,000	13,202	1,798
<b>Total Undistributed Expenditures - Admin Info. Tech.</b>	<b>124,900</b>	<b>-</b>	<b>124,900</b>	<b>88,596</b>	<b>36,304</b>
Undist. Expend. - Required Maint. School Fac.					
Salaries	310,379		310,379	296,718	13,661
Cleaning, Repair and Maintenance Services	596,850	12,260	609,110	445,035	164,075
General Supplies	256,625	5,883	262,508	178,172	84,336
Other Objects	3,000		3,000	1,218	1,782
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>1,166,854</b>	<b>18,143</b>	<b>1,184,997</b>	<b>921,143</b>	<b>263,854</b>
Custodial Services					
Other Oper. & Maint.of Plant					
Salaries	1,276,371	-	1,276,371	1,201,967	74,404
Salaries - Non- Instructional Aides	126,466	-	126,466	104,504	21,962
Purchased Professional and Technical Services	54,200		54,200	42,142	12,058
Cleaning, Repair and Maintenance Services	65,000		65,000	42,354	22,646
Rental of Land and Buildings	1,500		1,500	756	744
Other Purchased Property Services	113,454		113,454	91,475	21,979
Insurance	251,000	35,880	286,880	286,868	12
Miscellaneous Purchased Services	8,500		8,500	7,233	1,267
General Supplies	145,350	8,376	153,726	128,650	25,076
Energy (Electricity)	975,519	(40,080)	935,439	767,595	167,844
Other Objects	6,035		6,035	4,290	1,745
Energy (Natural Gas)	253,185	-	253,185	229,106	24,079
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>3,276,580</b>	<b>4,176</b>	<b>3,280,756</b>	<b>2,906,940</b>	<b>373,816</b>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend- Care & Upkeep of Grounds					
Salaries	112,797		112,797	103,533	9,264
Cleaning, Repair, and Maintenance Services	37,018	16,995	54,013	47,918	6,095
General Supplies	45,000	(12,254)	32,746	26,320	6,426
<b>Total Care and Upkeep of Grounds</b>	<b>194,815</b>	<b>4,741</b>	<b>199,556</b>	<b>177,771</b>	<b>21,785</b>
Undist. Expend. - Security					
Salaries	199,215		199,215	192,925	6,290
Purchased Professional and Technical Services	7,500	5,376	12,876	6,600	6,276
General Supplies	30,000	4,628	34,628	30,639	3,989
<b>Total Security</b>	<b>236,715</b>	<b>10,004</b>	<b>246,719</b>	<b>230,164</b>	<b>16,555</b>
<b>Total Undistributed Expenditures</b>	<b>4,874,964</b>	<b>37,064</b>	<b>4,912,028</b>	<b>4,236,018</b>	<b>676,010</b>
Operations and Maintenance of Plant					
Undist. Expend. - Student Transportation Serv.					
Salaries - (Other than Home & Sch)	46,521		46,521	15,385	31,136
Contracted Services (Bet. Home & School)- Vendors	634,547	2,216	636,763	538,335	98,428
Contracted Services - (Other than Home & Sch)-Ven.	215,772	(4,800)	210,972	139,075	71,897
Contr. Serv. - (Sp Ed. Students) - Vendors	240,270	45,000	285,270	256,290	28,980
Contr. Serv. - (Sp Ed. Students) - Joint Agrmt	25,000		25,000	7,613	17,387
Contr. Serv. - Aid in Lieu Payments - NonPub Sch Transportation Supplies	12,000		12,000	5,336	6,664
	10,000	2,584	12,584	12,583	1
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>1,184,110</b>	<b>45,000</b>	<b>1,229,110</b>	<b>974,617</b>	<b>254,493</b>

**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits - Employee Benefits					
Social Security Contribution	490,000		490,000	390,662	99,338
Other Retirement Contributions - PERS	523,500		523,500	503,697	19,803
Workmen's Compensation	400,000		400,000	288,145	111,855
Health Benefits	5,897,452	(204,000)	5,693,452	5,228,341	465,111
Tuition Reimbursement	70,000	1,282	71,282	49,480	21,802
Other Employee Benefits	125,000	50,000	175,000	174,329	671
Unused Sick Payment to Terminated/Retired	205,000		205,000		205,000
Total Unallocated Benefits	<u>7,710,952</u>	<u>(152,718)</u>	<u>7,558,234</u>	<u>6,634,654</u>	<u>923,580</u>
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (non-bud)			-	3,991,499	(3,991,499)
On-Behalf TPAF Post-retir. Contribution (non-bud)	-		-	1,480,773	(1,480,773)
On-Behalf TPAF Long Term Disability Insurance			-	2,494	(2,494)
Reimbursed TPAF Social Security Cont.(non-bud)			-	1,416,150	(1,416,150)
Total On-Behalf Contributions	-	-	-	<u>6,890,916</u>	<u>(6,890,916)</u>
Total Personal Services - Employee Benefits	7,710,952	(152,718)	7,558,234	13,525,570	(5,967,336)
TOTAL UNDISTRIBUTED EXPENDITURES	<u>21,495,568</u>	<u>(89,240)</u>	<u>21,406,328</u>	<u>25,767,996</u>	<u>(4,361,668)</u>
TOTAL GENERAL CURRENT EXPENSE	40,985,368	53,170	41,038,538	44,395,477	(3,356,939)

**OCEAN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Exp. - Instruction	86,400	44,200	130,600	130,573	27
Undistributed Exp. - Custodial	21,299	32,841	54,140	53,548	592
Undistributed Exp. - Care and Upkeep of Grounds	6,650	341	6,991	6,916	75
Undistributed Exp. - Admin. Info. Tech.	225,000	(58,650)	166,350	141,971	24,379
Total Equipment	<u>339,349</u>	<u>18,732</u>	<u>358,081</u>	<u>333,008</u>	<u>25,073</u>
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	150,466		150,466	150,466	-
Total Facilities Acquisition and Construction Services	<u>150,466</u>	<u>-</u>	<u>150,466</u>	<u>150,466</u>	<u>-</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>489,815</u>	<u>18,732</u>	<u>508,547</u>	<u>483,474</u>	<u>25,073</u>
Transfer of Funds to Charter Schools	19,125	23,601	42,726	42,726	-
<b>TOTAL EXPENDITURES</b>	<u>41,494,308</u>	<u>95,503</u>	<u>41,589,811</u>	<u>44,921,677</u>	<u>(3,331,866)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,212,844)</u>	<u>(95,503)</u>	<u>(3,308,347)</u>	530,205	3,838,552
Other Financing Sources/(Uses):					
Operating Transfers:					
Transfer to Special Revenue Fund	(163,743)		(163,743)	(163,743)	-
Transfer to Cover Deficit - Food Service Fund			-	(185,000)	(185,000)
Total Other Financing Sources/(Uses):	<u>(163,743)</u>	<u>-</u>	<u>(163,743)</u>	<u>(348,743)</u>	<u>(185,000)</u>

**OCEAN CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(3,376,587)	(95,503)	(3,472,090)	181,462	3,653,552
Fund Balance July 1	13,362,752		13,362,752	13,362,752	-
Fund Balance June 30	<u>\$ 9,986,165</u>	<u>\$ (95,503)</u>	<u>\$ 9,890,662</u>	<u>\$ 13,544,214</u>	<u>\$ 3,653,552</u>

Recapitulation:

Restricted Fund Balance:

Excess Surplus - Designated for Subsequent Year's Expenditures

Excess Surplus - Current Year

Committed Fund Balance:

Capital Reserve

Maintenance Reserve

Tuition Reserve 18-19

Tuition Reserve 19-20

Emergency Reserve

Assigned Fund Balance:

Year-End Encumbrances

Unassigned Fund Balance

General Fund

	\$	862,255
		975,504
		4,224,818
		2,595,684
		1,900,000
		1,500,000
		423,732
		82,350
		<u>979,871</u>
		<u>13,544,214</u>
		<u>(332,924)</u>
	\$	<u>13,211,290</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last Two State Aid Payments not recognized on GAAP Basis



**OCEAN CITY SCHOOL DISTRICT  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources	\$	113,913	\$ 113,913	225,268	\$ 111,355
State Sources	686,943	77,009	763,952	562,210	(201,742)
Federal Sources	703,210	202,089	905,299	899,326	(5,973)
<b>Total Revenues</b>	<b>1,390,153</b>	<b>393,011</b>	<b>1,783,164</b>	<b>1,686,804</b>	<b>(96,360)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	570,262	(30,502)	539,760	536,792	2,968
Other Salaries for Instruction	545,026	(30,814)	514,212	509,061	5,151
Purchased Technical Services	12,106	3,569	15,675	15,675	-
Other Purchased Services (400-500 series)	46,022	185,713	185,713	183,858	1,855
General Supplies		147,505	193,527	144,425	49,102
Textbooks		5,309	5,309	3,397	1,912
Other Objects	1,000	1,800	2,800	282	2,518
<b>Total Instruction</b>	<b>1,174,416</b>	<b>282,580</b>	<b>1,456,996</b>	<b>1,393,490</b>	<b>63,506</b>
Support Services:					
Salaries of Other Professional Staff	1,705	7,876	9,581	3,268	6,313
Personal Services - Employee Benefits	151,601	58,447	210,048	209,493	555
Purchased Professional Technical Services		15,840	15,840	11,880	3,960
Maintenance and Facilities	5,000		5,000	5,000	
Transportation Costs	2,500	9,000	11,500	7,568	3,932
Travel	500		500	90	410
Other Purchased Services (400-500 series)	500	21,114	21,614	20,270	1,344
General Supplies	5,293	39,792	45,085	34,405	10,680
Other Objects	41,638	(41,638)	-	-	-
<b>Total Support Services</b>	<b>208,737</b>	<b>110,431</b>	<b>319,168</b>	<b>286,974</b>	<b>32,194</b>
Facilities Acquisition & Construction Services:					
Instructional Equipment	7,000		7,000	6,340	660
<b>Total Expenditures</b>	<b>1,390,153</b>	<b>393,011</b>	<b>1,783,164</b>	<b>1,686,804</b>	<b>96,360</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>

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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, 2020**

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	\$ 45,451,882	1,686,804
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		14,454
Current Year		(39)
Unexpended Preschool Education Aid		(31,095)
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, 2020.	350,839	30,240
The Final State Aid payment for the Year Ended June 30, 2020 that was delayed until July 2020 was recorded as budgetary revenue for the Year Ended June 30, 2020 but is not recognized under GAAP until the Year Ended June 30, 2021.	(332,924)	(49,820)
	45,469,797	1,650,544
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	44,921,677	1,686,804
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		14,454
Current Year		(39)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	\$ 44,921,677	1,701,219

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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**

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0509699012%	0.0489180950%	0.0477540206%	0.0486599449%	0.0498289421%	0.0500779018%	0.0526741551%
District's proportionate of the net pension liability (asset)	\$ 9,184,003	\$ 9,631,729	\$ 11,116,373	14,411,680	11,185,801	9,375,953	10,067,078
District's covered payroll	\$ 3,556,841	\$ 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	258.21%	270.10%	331.02%	455.51%	332.96%	285.33%	295.00%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	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**

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	495,787	486,577	449,645	434,893	428,403	396,889	402,251
Contributions in relation to the contractually required contribution	495,787	486,577	449,645	434,893	428,403	396,889	402,251
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	3,556,841	3,556,841	3,358,182	3,163,872	3,359,550	3,285,998	3,412,544
Contributions as a percentage of covered-employee payroll	13.94%	13.68%	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**

	2019	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%	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	110,563,731	116,958,003	124,283,696	147,023,848	118,869,177	101,449,991	101,028,085
<b>Total</b>	<b>\$ 110,563,731</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	19,507,858	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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	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**

	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	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	\$ 81,462,941	\$ 93,601,253	\$ 106,770,830	\$ 116,122,206
<b>Total</b>	<b>\$ 81,462,941</b>	<b>\$ 93,601,253</b>	<b>\$ 106,770,830</b>	<b>\$ 116,122,206</b>
District's covered payroll	\$ 23,064,699	\$ 22,962,643	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:				
Service Cost	2,517,060	2,840,142	3,427,171	
Interest Cost	3,673,271	3,881,200	3,373,453	
Differences between Expected & Actual	(17,116,720)	(6,733,346)		
Changes in Assumptopns	1,214,619	(10,741,212)	(13,770,025)	
Member Contributions	74,127	86,503	91,064	
Benefit Payments	(2,500,669)	(2,502,864)	(2,473,039)	
Change in Total Opeb Liability	(12,138,312)	(13,169,577)	(9,351,376)	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	93,601,253	106,770,830	116,122,206	
Ending Balance	81,462,941	93,601,253	\$ 106,770,830	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	353.19%	407.62%	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, 2020**

	Ocean City Education Foundation	Ocean City PTA	Atlantcare Grant	Sustainable Jersey	MAC SADD	NJSIG Safety
<b>REVENUES:</b>						
Local Sources	\$ 14,338	\$ 9,981	\$ 1,970	\$ 1,681	\$ 2,232	\$ 8,985
State Sources						
Federal Sources						
<b>Total Revenues</b>	<u>14,338</u>	<u>9,981</u>	<u>1,970</u>	<u>1,681</u>	<u>2,232</u>	<u>8,985</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers			480			
Other Salaries for Instruction						
Purchased Technical Services	502	5,989				
Other Purchased Services (400-500 series)			1,490	1,681	2,232	
General Supplies	12,495					
Textbooks						
Other Objects						
<b>Total Instruction</b>	<u>12,997</u>	<u>8,091</u>	<u>1,970</u>	<u>1,681</u>	<u>2,232</u>	<u>-</u>
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Technical Services	1,341	1,890				750
Other Purchased Services (400-500 series)						
Transportation Costs						
Travel						
General Supplies						8,235
Other Objects						
<b>Total Support Services</b>	<u>1,341</u>	<u>1,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,985</u>
Capital Outlay:						
Instructional Equipment						
Total Capital Outlay	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>14,338</u>	<u>9,981</u>	<u>1,970</u>	<u>1,681</u>	<u>2,232</u>	<u>8,985</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures and Other Financing Sources (Uses)</b>						

**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2020**

	Title IV	Title I Part A	I.D.E.A. Part B	I.D.E.A. Preschool	Title IIA	We Rock Music
<b>REVENUES:</b>						
Local Sources	\$	\$	\$	\$	\$	\$
State Sources	15,675	269,803	582,958	14,767	16,123	14,527
Federal Sources	<u>15,675</u>	<u>269,803</u>	<u>582,958</u>	<u>14,767</u>	<u>16,123</u>	<u>14,527</u>
Total Revenues						
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers		188,046		10,859		
Other Salaries for Instruction			376,743			
Purchased Technical Services	15,675		177,117			
Other Purchased Services (400-500 series)		14,352				
General Supplies						
Textbooks						
Other Objects						
Total Instruction	<u>15,675</u>	<u>202,398</u>	<u>553,860</u>	<u>10,859</u>	<u>-</u>	<u>-</u>
Support Services:						
Salaries of Other Professional Staff		768				
Personal Services - Employee Benefits		65,886	29,098	3,908		
Purchased Technical Services					16,123	
Other Purchased Services (400-500 series)						
Transportation Costs						
Travel						14,527
General Supplies		751				
Other Objects						
Total Support Services	<u>-</u>	<u>67,405</u>	<u>29,098</u>	<u>3,908</u>	<u>16,123</u>	<u>14,527</u>
Capital Outlay:						
Equipment						
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditure	<u>15,675</u>	<u>269,803</u>	<u>582,958</u>	<u>14,767</u>	<u>16,123</u>	<u>14,527</u>
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, 2020**

	BASF Science	Non Public Textbook Aid	Non Public Technical Aid	NonPublic Security and Maint. Aid	Computer Science Grant	WSCC Health
<b>REVENUES:</b>						
Local Sources	\$ 3,902	\$ 3,397	\$ 2,878	\$ 10,151	\$ 43,749	\$ 3,909
State Sources						
Federal Sources						
<b>Total Revenues</b>	<u>3,902</u>	<u>3,397</u>	<u>2,878</u>	<u>10,151</u>	<u>43,749</u>	<u>3,909</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Technical Services			2,878		31,869	250
Other Purchased Services (400-500 series)	3,902	3,397				1,159
General Supplies						
Textbooks						
Other Objects						
<b>Total Instruction</b>	<u>3,902</u>	<u>3,397</u>	<u>2,878</u>	<u>-</u>	<u>31,869</u>	<u>1,409</u>
Support Services:						
Salaries of Other Professional Staff						2,500
Personal Services - Employee Benefits					11,880	
Purchased Technical Services						
Other Purchased Services (400-500 series)						
Transportation Costs						
Travel						
General Supplies				10,151		
Other Objects						
<b>Total Support Services</b>				<u>10,151</u>	<u>11,880</u>	<u>2,500</u>
Capital Outlay:						
Instructional Equipment						
Total Capital Outlay						
<b>Total Expenditures</b>	<u>3,902</u>	<u>3,397</u>	<u>2,878</u>	<u>10,151</u>	<u>43,749</u>	<u>3,909</u>
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, 2020**

	Preschool Education	Totals 2020
<b>REVENUES:</b>		
Local Sources	163,743	\$ 225,268
State Sources	502,035	562,210
Federal Sources		899,326
<b>Total Revenues</b>	<b>665,778</b>	<b>1,686,804</b>
<b>EXPENDITURES:</b>		
Instruction:		
Salaries of Teachers	337,407	536,792
Other Salaries for Instruction	132,318	509,061
Purchased Technical Services		15,675
Other Purchased Services (400-500 series)		183,858
General Supplies	70,265	144,425
Textbooks		3,397
Other Objects	282	282
<b>Total Instruction</b>	<b>540,272</b>	<b>1,393,490</b>
Support Services:		
Salaries of Other Professional Staff		3,268
Personal Services - Employee Benefits	110,601	209,493
Purchased Technical Services		11,880
Other Purchased Services (400-500 series)	166	20,270
Transportation Costs	7,568	7,568
Travel	90	90
General Supplies	741	34,405
Other Objects		-
<b>Total Support Services</b>	<b>119,166</b>	<b>286,974</b>
Capital Outlay:		
Instructional Equipment	6,340	6,340
<b>Total Capital Outlay</b>	<b>6,340</b>	<b>6,340</b>
<b>Total Expenditures</b>	<b>665,778</b>	<b>1,686,804</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>\$ -</b>

**OCEAN CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Preschool Education Aid**  
**Budgetary Basis**  
**For the Year Ended June 30, 2020**

	Total		
	Budgeted	Actual	Variance
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	\$ 337,407	\$ 337,407	\$ -
Other Salaries for Instruction	133,842.00	132,318.00	1,524.00
General Supplies	72,888.00	70,265.00	2,623.00
Other Objects	1,000.00	282.00	718.00
<b>Total Instruction</b>	<b>545,137.00</b>	<b>540,272.00</b>	<b>4,865.00</b>
Support Services:			
Salaries of Other Professional Staff	1,705.00		1,705.00
Maintenance and Facilities	5,000.00		5,000.00
Transportation Costs	11,500.00	7,568.00	3,932.00
Travel	500.00	90.00	410.00
Personal Services - Employee Benefits	110,601.00	110,601.00	-
Miscellaneous Purchased Services	500.00	166.00	334.00
Supplies	5,000.00	741.00	4,259.00
<b>Total Support Services</b>	<b>134,806.00</b>	<b>119,166.00</b>	<b>15,640.00</b>
Facilities Acquisition and Construction Services			
Instructional Equipment	7,000.00	6,340.00	660.00
<b>Total Facilities Acquisition and Construction Ser.</b>	<b>7,000.00</b>	<b>6,340.00</b>	<b>660.00</b>
<b>Total Expenditures</b>	<b>\$ 686,943.00</b>	<b>\$ 665,778.00</b>	<b>\$ 21,165.00</b>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2019-20 Preschool Aid Allocation	\$ 498,200.00
Adjustments	
Add: Actual ECPA Carryover June 30, 2019	80,915.00
Add: Budgeted Transfer from the General Fund	163,743.00
Total Preschool Education Aid Funds Available for 2019-20 Budget	742,858.00
Less: 2019-20 Budgeted Preschool Education Aid	(686,943.00)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2020	55,915.00
Add: June 30, 2020 Unexpended Preschool Education Aid	21,165.00
2019-20 Actual Carryover - Preschool Education Aid	\$ 77,080.00
2019-20 Preschool Education Aid Carryover Budgeted for 2020-21	\$ 55,915.00

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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, 2020**

	Unemployment Compensation Trust	Scholarship Private Purpose Trust	Agency Funds	Totals
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 260,344	\$ 80,690	\$ 365,507	\$ 706,541
Investments, at Fair Value:				
Certificate of Deposit	<u>177,390</u>			<u>177,390</u>
Total Cash and Investments	<u>437,734</u>	<u>80,690</u>	<u>365,507</u>	<u>883,931</u>
Interfund Receivable		-	-	-
Total Assets	<u>437,734</u>	<u>80,690</u>	<u>365,507</u>	<u>883,931</u>
<b>LIABILITIES</b>				
Accounts Payable	48,985			48,985
Payable to Student Groups			289,498	289,498
Payroll Deductions & Withholdings			76,009	76,009
Total Liabilities	<u>48,985</u>	<u>-</u>	<u>365,507</u>	<u>414,492</u>
<b>Net Position</b>				
Held in Trust for Unemployment Claims and Other Purposes	\$ <u>388,749</u>			388,749
Reserve for Scholarships		\$ <u>80,690</u>		<u>80,690</u>
Total Net Position				<u>469,439</u>
Total Liabilities and Net Position			\$ <u>883,931</u>	<u>883,931</u>

**OCEAN CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2020**

	Unemployment Compensation Trust	Scholarship Private Purpose Trust	Totals
<b>ADDITIONS</b>			
Contributions:			
Plan Member	\$ 75,079	\$ -	\$ 75,079
Donations		72,600	72,600
Total Contributions	<u>75,079</u>	<u>72,600</u>	<u>147,679</u>
Investments Earnings:			
Interest	3,201	1,424	4,625
Net Investment Earnings	<u>3,201</u>	<u>1,424</u>	<u>4,625</u>
Total Additions	<u>78,280</u>	<u>74,024</u>	<u>152,304</u>
<b>Deductions</b>			
Unemployment Claims	86,398		86,398
Scholarships Awarded		97,550	97,550
Total Deductions	<u>86,398</u>	<u>97,550</u>	<u>183,948</u>
Change in Net Position	(8,118)	(23,526)	(31,644)
Net Position - Beginning of the Year	<u>396,867</u>	<u>104,216</u>	<u>501,083</u>
Net Position - End of the Year	<u>\$ 388,749</u>	<u>\$ 80,690</u>	<u>\$ 469,439</u>

**OCEAN CITY SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2020**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Primary School Activity Account	\$ 5,520	\$ 783	\$ 2,239	\$ 4,064
Intermediate School Activity Account	39,305	81,396	71,137	49,564
High School Activity Account	235,958	205,740	210,717	230,981
High School Red & White Account	8,103	54,877	58,091	4,889
<b>Total Assets</b>	<u><u>\$ 288,886</u></u>	<u><u>\$ 342,796</u></u>	<u><u>\$ 342,184</u></u>	<u><u>\$ 289,498</u></u>

**OCEAN CITY SCHOOL DISTRICT  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
As of June 30, 2020**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 80,848	\$ 28,217,799	\$ 28,222,638	\$ 76,009
<b>Total Assets</b>	<u>80,848</u>	<u>28,217,799</u>	<u>28,222,638</u>	<u>76,009</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholding	80,848	12,697,545	12,702,384	76,009
Net Payroll		15,514,699	15,514,699	-
Interfund Payable		5,555	5,555	-
<b>Total Liabilities</b>	<u>\$ 80,848</u>	<u>\$ 28,217,799</u>	<u>\$ 28,222,638</u>	<u>\$ 76,009</u>

## **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  
Schedule of General Serial Bonds  
As of June 30, 2020**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds				Balance June 30, 2019	Decreased	Balance June 30, 2020
			Date	Outstanding June 30, 2020	Interest Rate	Amount			
Intermediate School	2/24/2010	3,469,000			3.000%	\$ 379,000	\$ 379,000	\$ -	
Various Improvement and Renovations to Primary School	5/15/2014	2,497,000	5/15/2021	290,000	2.000%	1,517,000	275,000	1,242,000	
			5/15/2022	300,000	2.200%				
			5/15/2023	315,000	2.250%				
			5/15/2024	337,000	2.250%				
Refunding Bonds, Series 2016	3/23/2016	10,580,000	4/1/2021	1,920,000	5.000%	5,645,000	1,830,000	3,815,000	
			4/1/2022	1,895,000	5.000%				
						<u>\$ 7,541,000</u>	<u>\$ 2,484,000</u>	<u>\$ 5,057,000</u>	

**OCEAN CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,804,505		\$ 2,804,505	\$ 2,804,505	\$ -
Total - Local Sources	2,804,505	-	2,804,505	2,804,505	-
Total Revenues	2,804,505	-	2,804,505	2,804,505	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Redemption of Principal	2,484,000		2,484,000	2,484,000	-
Interest on Bonds	320,505		320,505	320,505	-
Total Regular Debt Service	2,804,505	-	2,804,505	2,804,505	-
Total Expenditures	2,804,505	-	2,804,505	2,804,505	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -



# **Statistical Section**



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

Exhibit J-1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets										
Restricted	26,003,285	25,982,531	24,960,564	25,325,131	30,286,131	29,965,203	29,508,699	30,527,203	32,011,990	33,165,003
Unrestricted	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	12,430,922
Total governmental activities net position	(2,055,144)	(2,109,267)	(503,206)	1,707,816	(10,731,619)	(10,961,009)	(10,244,404)	(10,009,030)	(10,418,148)	(10,396,046)
	30,075,077	33,206,831	34,829,638	36,985,886	31,066,050	29,753,490	32,840,936	34,157,524	33,773,958	35,198,879
<b>Business-type activities</b>										
Net investment in capital assets	107,057	94,197	81,337	75,268	76,004	73,471	66,247	51,335	36,424	21,510
Restricted	9,313	29,461	(72,991)	(90,990)	24,756	24,651	40,214	(44,848)	(34,571)	(18,015)
Total business-type activities net position	116,370	123,658	8,346	(15,722)	100,760	98,122	106,461	6,487	1,853	3,495
<b>District-wide</b>										
Net investment in capital assets	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	33,186,513
Restricted	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	12,430,922
Unrestricted	(2,045,831)	(2,073,806)	(576,197)	1,616,826	(10,708,863)	(10,936,368)	(10,204,190)	(10,052,878)	(10,452,719)	(10,414,061)
Total district net position	30,191,446	33,530,468	34,837,984	36,980,164	31,166,810	29,851,612	33,047,397	34,164,011	33,775,811	36,203,374

Source: CAFR Schedule A-1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Regular	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	24,287,368
Special education	4,658,772	4,654,783	4,750,874	4,699,907	5,698,127	5,830,676	5,679,421	6,367,863	6,180,546	6,348,878
Other special education	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	2,574,867
Support Services:										
Tuition	135,328	356,510	304,527	329,485	275,748	329,177	391,950	246,014	393,566	392,526
Student & instruction related services	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	6,551,418
School administrative services	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	1,902,113
General Administration and Business Services	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	1,964,974
Plant operations and maintenance	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	6,124,273
Pupil transportation	887,414	867,421	944,321	1,209,151	898,924	904,599	994,939	1,278,994	1,080,053	974,617
Special schools	16,402	13,506	42,374	3,716	9,904	29,937	18,909	31,025	30,300	42,726
Charter Schools	52,159	62,899	42,899	98,171	772,318	1,863,992	230,574	115,067	11,712	(114,537)
Interest on long-term debt	939,859	964,837	998,171	971,712	772,318	1,863,992	230,574	115,067	11,712	(114,537)
Unallocated depreciation	-	20,151	-	-	-	-	-	-	-	-
Total governmental activities expenses	40,332,158	40,002,527	42,553,663	41,503,438	46,371,288	55,786,009	54,688,492	56,784,244	53,251,643	51,049,223
Business-type activities:										
Food service	729,478	698,153	687,500	618,209	642,339	668,641	684,952	715,381	709,751	652,456
Total business-type activities expenses	729,478	698,153	687,500	618,209	642,339	668,641	684,952	715,381	709,751	652,456
Total district expenses	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	51,701,679
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction	13,959,021	13,602,146	12,922,719	10,959,443	10,468,451	12,844,272	13,142,586	11,698,989	11,286,716	11,443,060
Operating grants and contributions	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	3,879,021
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	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	15,322,081
Business-type activities:										
Charges for services:										
Food service	460,308	410,868	330,862	365,440	375,574	333,789	348,753	344,878	362,142	240,540
Operating grants and contributions	220,648	244,308	201,130	228,236	243,342	244,301	235,699	218,497	215,701	209,278
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	680,957	655,176	531,993	593,676	618,916	578,090	584,452	563,375	577,843	449,818
Total district program revenue	18,946,843	19,299,427	19,429,626	15,941,412	16,649,251	20,664,498	24,301,129	23,155,156	18,635,298	15,771,899
<b>Net (Expense)/Revenue</b>										
Governmental activities	(22,066,273)	(21,358,276)	(23,656,030)	(26,155,702)	(30,340,953)	(35,689,601)	(30,949,815)	(34,192,463)	(35,194,188)	(35,727,142)
Business-type activities	(48,522)	(42,978)	(165,507)	(24,533)	(23,423)	(90,351)	(100,500)	(152,006)	(131,908)	(202,638)
Total district-wide net expense	(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)	(35,929,780)

Exhibit J-2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	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	22,734,817
Taxes levied for debt service	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	2,804,505
Unrestricted grants and contributions	196,745	372,949	941,644	3,312,246	9,129,118	9,536,554	9,101,521	9,949,955	9,392,318	11,715,743
Investment earnings	65,887	22,449	11,979	12,895	8,489	3,807	3,003	3,000	3,000	3,000
Miscellaneous income	194,948	111,907	104,917	718,090	366,821	364,839	344,010	370,442	281,850	243,742
Special Item - Loss on Disposal of Capital Assets	(161,243)									
Extraordinary Item - Loss of Sale of Securities		(50,000)	(2,287)	(3,275)	(125,000)	(75,000)	(100,000)	(50,000)	(120,000)	(348,743)
Loss on Disposal of Refunding Bonds		24,711,181	25,278,837	28,321,528	34,081,305	34,387,041	34,137,261	35,409,052	34,810,621	37,153,064
Transfers										
Total governmental activities	24,158,456	24,711,181	25,278,837	28,321,528	34,081,305	34,387,041	34,137,261	35,409,052	34,810,621	37,153,064
Business-type activities:										
Investment earnings	544	266	195	465	522	804	1,151	2,032	7,273	19,280
Transfers		50,000	50,000	-	125,000	75,000	100,000	50,000	120,000	185,000
Loss on Disposal of Capital Assets										
Total business-type activities	544	50,266	50,195	465	125,522	87,713	108,639	52,032	127,273	204,280
Total district-wide	24,158,999	24,761,447	25,329,032	28,321,993	34,206,827	34,474,754	34,246,100	35,461,084	34,937,894	37,357,344
Changes in Net Position	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)	1,425,922
Governmental activities	(47,978)	7,288	(115,312)	(24,068)	102,089	(2,638)	8,339	(99,974)	(4,634)	1,642
Business-type activities	2,040,161	3,360,193	1,507,495	2,141,758	3,842,451	(1,315,198)	3,195,785	1,116,615	(388,201)	1,427,562

Source: CAFR Schedule A-2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
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	1,837,759
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	10,644,234
Assigned	142,896	911,879	324,779	2,103,548	95,002	203,125	346,587	703,768	95,501	82,350
Unassigned	689,972	665,448	572,865	458,858	477,009	476,685	504,573	580,027	658,336	646,947
Reserved										
Unreserved										
Total general fund	<u>6,823,046</u>	<u>9,619,798</u>	<u>10,597,830</u>	<u>9,724,015</u>	<u>8,432,496</u>	<u>10,965,024</u>	<u>14,518,577</u>	<u>14,894,714</u>	<u>13,011,913</u>	<u>13,211,290</u>
<b>All Other Governmental Funds</b>										
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										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund										
Total all other governmental funds	<u>379,225</u>	<u>379,429</u>	<u>347,315</u>	<u>3,813,841</u>	<u>(629,957)</u>	<u>572,990</u>	<u>131,642</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: CAFR Schedule B-1

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

Exhibit J-4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax Levy	22,686,960	23,862,118	24,272,584	24,281,572	24,681,877	24,558,841	24,788,727	25,135,655	25,253,453	25,539,322
Tuition charges	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	11,443,060
Interest earnings	69,988	65,887	11,979	12,895	8,489	3,807	3,003	3,000	3,000	3,000
Miscellaneous	330,601	294,365	185,611	773,196	456,380	397,395	423,151	427,788	419,536	480,701
State sources	7,924,713	3,349,730	6,027,668	6,794,166	9,103,271	9,527,934	9,103,175	9,932,520	11,041,963	11,526,964
Federal sources	819,654	1,054,462	808,195	851,267	1,085,993	970,913	946,449	865,983	944,267	931,799
Total revenue	46,455,849	42,585,583	44,228,757	43,672,539	45,794,461	48,099,512	48,608,741	48,063,935	48,948,925	49,924,846
<b>Expenditures</b>										
Instruction:										
Regular instruction	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	14,651,927
Special education instruction	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	3,830,110
Other special education instruction	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	1,553,349
Support Services:										
Tuition	195,864	135,328	304,527	254,820	275,748	329,177	391,950	246,014	393,566	392,526
Student & instruction related services	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	4,355,393
General administrative services	708,249	641,089	730,877	816,184	721,212	713,854	689,239	781,971	805,128	709,429
School administrative services	1,386,339	1,325,203	1,356,087	1,335,563	1,366,924	1,204,293	1,231,716	1,280,737	1,286,348	1,264,528
Business administrative/central services	551,647	533,812	577,858	571,873	592,272	590,067	525,285	544,842	605,182	596,889
Plant operations and maintenance	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	4,236,018
Pupil transportation	913,898	876,972	931,832	905,876	896,924	904,599	994,939	1,056,835	1,084,115	974,617
Unallocated employee benefits	8,285,830	8,383,266	9,645,095	8,846,788	9,407,162	10,109,116	11,089,634	12,323,420	13,559,855	13,525,570
Special schools	50,546	11,745	11,745	-	-	-	-	-	-	-
Charter schools	75,224	52,159	42,374	3,716	9,904	29,937	18,909	31,025	30,300	42,726
Capital outlay	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	489,814
Debt service:										
Principal	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	2,484,000
Interest and other charges	1,030,018	1,053,793	911,863	836,063	797,280	714,655	568,351	499,205	421,455	320,505
Total Expenditures	43,678,525	47,716,581	43,232,839	43,577,250	46,947,670	48,746,147	45,385,020	47,639,058	50,791,433	49,427,401
Excess (Deficiency) of revenues over (under) expenditures	2,777,325	(5,130,998)	995,918	95,289	(1,153,209)	(646,635)	3,223,721	424,877	(1,842,508)	497,445
<b>Other Financing Sources (Uses)</b>										
Transfer in	1,661,900	36,578	81	1,435,096	661,081	400,807	530,382	-	-	-
Transfer out	(1,661,900)	(36,578)	(50,081)	(1,435,096)	(786,081)	(475,807)	(630,382)	(50,000)	(120,000)	(348,743)
Bond Proceeds	3,469,447			2,497,422						
Grant Revenue										
Cancelled Prior Year Payable										
Total other financing sources (uses)	3,469,447	-	(50,000)	2,497,422	(125,000)	(75,000)	(100,000)	(50,000)	(120,000)	(348,743)
<b>Extraordinary Item</b>										
Loss on Sale of Securities										
Net change in fund balances	6,246,772	(5,130,998)	945,918	2,592,711	(1,278,209)	(721,635)	3,123,721	374,877	(1,962,508)	148,702
Debt service as a percentage of noncapital expenditures	5.32%	6.41%	6.16%	6.34%	6.33%	6.70%	6.15%	5.91%	5.63%	5.73%

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
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
2020	3,000			243,742	246,742

Source: District Records



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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	County Equalized Value
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	512,008,600	733,300	41,110,000	11,825,766,800	-	-	11,825,766,800	0.216	11,965,766,265
2020	171,193,900	11,216,491,300	503,633,900	733,300	41,110,000	11,933,162,400	-	-	11,933,162,400	0.215	12,074,433,269

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
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
2020	0.191	0.024	0.215	0.253	0.012		0.037	0.461	0.978

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	2020				2011			
	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%		5	0.12%		
Berman H & 1200 Boardwalk Shop	11,806,100	2	0.10%		4	0.14%		
Port-O-Call Associates	10,457,700	3	0.09%		6	0.10%		
Magton, Inc.	9,856,900	4	0.08%		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%		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%		9	0.06%		
Gillian Brothers, Inc.					8	0.08%		
Mita, Eustace W & Susanne E					3	0.15%		
JWR Construction, Co. Inc					7	0.10%		
Chase Real Estate Development					10	0.06%		
Totals	\$ 88,108,800		0.75%	\$ -		1.14%		
				District Assessed Value		\$ 11,825,766,800		

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		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2020	25,539,322	25,539,322	100%	-

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

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			
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
2020	5,057,000.00					5,057,000.00	0.76%	461

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

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

**Exhibit J-11**

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

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	* Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2020	5,057,000	-	5,057,000	0.04%	60,877

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

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

**Ocean City School District  
 Direct and Overlapping Governmental Activities Bonded Debt,  
 As of December 31, 2019 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	154,726,687	100.00%	154,726,687
<b>Other Debt</b>			
County of Cape May	299,971,257	22.99%	68,950,610
Subtotal, Overlapping Debt			223,677,297
<b>City of Ocean City School District Direct Debt</b>			5,057,000
<b>Total Direct and Overlapping Debt</b>			<u>228,734,297</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	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	503,267,665
Total net debt applicable to limit	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	5,057,000
Legal debt margin	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	498,210,665
Total net debt applicable to the limit as a percentage of debt limit	4.27%	4.06%	3.87%	4.07%	3.84%	3.10%	2.59%	2.07%	1.54%	1.00%

	2019	2018	2017
Equalized valuation basis	\$ 13,064,258,506	\$ 12,496,902,181	\$ 12,183,914,162
Average equalized valuation of taxable property	\$ 12,581,691,616		
Debt limit (4% of average)	503,267,665		
Net bonded school debt	5,057,000		
Legal debt margin	\$ 498,210,665		

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



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

**Exhibit J-14**

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2020	10,971	667,881,567	60,877	4.2%

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	2020			2011		
	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 (2020) and City of Ocean City (2011)

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

Exhibit J-16

<u>Function/Program</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular instruction	204.0	145.0	138.0	138.0	138.0	153.0	152.4	151.4	151.0	141.0
Other instruction	38.0	49.0	45.3	45.3	45.3	45.3	45.7	43.6	46.0	44.0
Support Services:										
Student & instruction related services	35.0	60.0	49.4	49.4	49.4	34.4	36.0	42.6	42.6	55.0
General administrative services	3.0	3.0	3.0	3.0	3.0	3.0	5.0	5.0	5.0	5.0
School administrative services	16.0	16.0	17.0	17.0	17.0	16.0	14.0	14.0	14.0	14.0
Business administrative services	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0
Plant operations and maintenance	32.0	41.0	35.0	35.0	35.0	35.0	35.0	35.0	37.0	37.0
Pupil transportation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Food Service										
<b>Total</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>	<b>303.0</b>

Source: District Personnel Records

Ocean City School District  
Operating Statistics,  
Last Ten Fiscal Years

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				
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	-2.05%	94.54%
2012	2,034.0	37,686,873	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	46,080,356	21,958	-1.15%	180.0	10.9:1	10.9:1	12.7:1	2,163	2,059	1.74%	95.19%
2020	2,107.0	46,133,082	21,895	-0.29%	181.0	11.0:1	11.0:1	12.0:1	2,111	2,039	-2.40%	96.59%

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

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

Exhibit J-18

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>District Buildings</b>										
<b>Elementary</b>										
Ocean City Primary School										
Square Feet	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031
Capacity (students)	461	461	461	461	461	461	461	461	461	461
Enrollment	329	344	394	394	394	441	361	347	321	321
<b>Middle School</b>										
Ocean City Intermediate School										
Square Feet	102,448	102,448	102,448	102,448	102,448	102,448	102,448	102,448	102,448	102,448
Capacity (students)	707	707	707	707	707	707	707	707	707	707
Enrollment	483	465	477	485	485	461	533	529	537	537
<b>High School</b>										
Ocean City High School										
Square Feet	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770
Capacity (students)	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338
Enrollment	1,240	1,255	1,228	1,216	1,216	1,252	1,235	1,254	1,241	1,241

Number of Schools at June 30, 2020

- 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)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ocean City Primary School	N/A	73,483	70,889	36,205	83,779	54,439	84,915	75,163	107,239	324,566	126,439
Ocean City Intermediate School	N/A	158,087	130,825	175,978	247,406	226,432	211,416	193,022	242,359	303,474	312,343
Ocean City High School	N/A	203,673	335,213	706,247	381,647	466,045	416,587	320,135	388,325	511,208	482,361
Total School Facilities		435,243	536,927	918,429	712,832	746,916	712,918	588,320	737,923	1,139,248	921,143
Other Facilities		98,929	116,341								
Grand Total		534,172	653,268	918,429	712,832	746,916	712,918	588,320	737,923	1,139,248	921,143

Source: District Records

**Ocean City School District  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

**Exhibit J-20**

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

Source: District Records

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# **Single Audit Section**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## **K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable President and  
Members of the Board of Education  
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, 2020, and have issued our report thereon dated January 15, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

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

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Ford, Scott & Associates, LLC.  
Certified Public Accountants

*Leon P. Costello*

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

**January 15, 2021**



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**K-2 Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance required by *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08**

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, 2020. 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, 2020.

### **Report on Internal Control Over Compliance**

Management of the City of Ocean City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Ocean City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance and New Jersey OMB 15-08 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ocean City School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

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

*Leon P. Costello*

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

**January 15, 2021**

CITY OF OCEAN CITY SCHOOL DISTRICT  
 Financial Assistance  
 Schedule for the Fiscal Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures		Cancelled Receivable	Unearned Revenue	Balance at June 30, 2020	
						Accounts Receivable	Due to Grantor		Pass Through Direct	Total			(Accounts Receivable)	Due to Grantor
<b>U.S. Department of Agriculture</b>														
<b>Passed-through State Department of Education:</b>														
Food Distribution Program	10.550	20201NJ06AN1099	NA	7/1/19 - 6/30/20	29,242	-	29,242	(29,242)	-	-	-	-	-	-
School Breakfast Program	10.553	20201NJ06AN1099	NA	7/1/19 - 6/30/20	37,988	-	28,488	(37,988)	-	-	-	-	-	(9,500)
National School Lunch Program	10.555	20201NJ06AN1099	NA	7/1/19 - 6/30/20	138,664	(6,120)	123,638	(138,664)	-	-	-	-	-	(15,026)
National School Lunch Program	10.555	19191NJ06AN1099	NA	7/1/19 - 6/30/19	160,250	(29,237)	29,637	-	-	-	-	-	-	(24,596)
Total Enterprise Fund						(35,357)	216,725	(205,894)	-	-	-	-	-	(24,596)
<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	1919NJMAP	NA	7/1/19 - 6/30/20	30,473	-	30,473	(30,473)	-	-	-	-	-	-
Total General Fund						-	30,473	(30,473)	-	-	-	-	-	-
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education:</b>														
Special Revenue Fund:														
Title I, Part A	84.010A	S010A100300	NCLB	7/1/19 - 6/30/19	268,489	(133,877)	133,877	-	-	-	-	-	-	(123,465)
Title I, Part A	84.010A	S010A300600	NCLB	7/1/19 - 6/30/20	269,803	-	146,846	(269,803)	-	-	-	-	-	-
Title II	84.367A	S367A190029	NCLB	7/1/19 - 6/30/19	41,131	(11,863)	11,863	-	-	-	-	-	-	-
Title II	84.367A	S367A200029	NCLB	7/1/19 - 6/30/20	16,122	-	16,122	(16,122)	-	-	-	-	-	-
Title IV	84.424A	S442A200031	NCLB	7/1/19 - 6/30/20	15,675	-	15,675	(15,675)	-	-	-	-	-	-
I.D.E.A. Part B - Basic	84.027	H027A190100	FT	7/1/19 - 6/30/19	538,763	(138,631)	138,631	-	-	-	-	-	-	-
I.D.E.A. Part B - Basic	84.027	H027A200100	FT	7/1/19 - 6/30/20	596,585	(7,884)	386,577	(592,958)	-	-	-	3,627	-	(199,608)
I.D.E.A. Part B - Preschool	84.173	H183A190114	FT	7/1/19 - 6/30/19	15,014	-	7,584	-	-	-	-	-	-	-
I.D.E.A. Part B - Preschool	84.173	H183A200114	FT	7/1/19 - 6/30/20	13,075	-	7,517	(14,767)	-	-	-	308	-	(7,258)
Total Special Revenue Fund						(291,955)	864,894	(899,325)	-	-	-	3,935	-	(330,321)
Total Federal Financial Assistance						(327,312)	1,112,892	(1,135,692)	-	-	-	3,935	-	(354,847)

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

CITY OF OCEAN CITY SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	MEMO				
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>														
General Fund:														
State Aid/Paid Public Cluster:														
Special Education Aid	20-495-034-5120-089	805,507	7/1/2019	6/30/2020	-	-	805,507	(805,507)	-	-	(88,941)	805,507		
School Choice Aid	20-495-034-5120-088	2,629,127	7/1/2019	6/30/2020	-	-	(2,629,127)	(2,629,127)	-	-	(225,019)	2,629,127		
Security Aid	20-495-034-5120-084	203,070	7/1/2019	6/30/2020	-	-	(2,026,890)	(3,637,794)	-	-	(17,380)	203,070		
Total State Aid Public Cluster														
Transportation Aid	20-495-034-5120-015	252,189	7/1/2019	6/30/2020	-	-	252,189	(252,189)	-	-	(21,584)	252,189		
Non-public Transportation Aid	20-495-034-5120-014	4,350	7/1/2019	6/30/2020	-	-	-	(4,350)	-	-	(4,350)	4,350		
Non-public Transportation Aid	20-495-034-5120-014	7,250	7/1/2018	6/30/2019	-	-	7,250	(211,631)	-	-	-	7,250		
Extraordinary Aid	20-100-034-5120-473	211,631	7/1/2019	6/30/2020	-	-	-	(211,631)	-	-	(211,631)	211,631		
Capital Construction	20-495-034-5095-003	199,008	7/1/2018	6/30/2020	-	-	199,008	(5,474,766)	-	-	-	199,008		
Capital Construction	20-495-034-5095-003	5,474,766	7/1/2019	6/30/2020	-	-	5,474,766	(1,416,150)	-	-	(142,777)	5,474,766		
Reimbursed TPAF Social Security	20-495-034-5095-003	1,416,150	7/1/2019	6/30/2020	-	-	1,273,373	(1,416,150)	-	-	-	1,416,150		
Reimbursed TPAF Social Security	18-495-034-5095-003	1,400,072	7/1/2018	6/30/2019	-	-	70,130	-	-	-	-	1,400,072		
Total General Fund														
		5,075,760					5,250,424	(10,996,790)	-	-	(691,862)	12,603,518		
Special Revenue Fund:														
Preschool Education Aid	19-495-034-5120-086	257,040	7/1/2018	6/30/2019	-	-	(80,915)	-	-	-	-	257,040		
Preschool Education Aid	20-495-034-5120-086	498,200	7/1/2019	6/30/2020	-	-	642,363	(665,778)	-	77,080	(49,820)	665,778		
Advanced Computer Science	19E00131	55,518	1/15/2019	6/30/2020	-	-	40,774	(43,749)	-	11,789	(14,744)	43,749		
NJ Nonpublic Aid:														
Technology Aid	20-100-034-5120-064	4,586	1/15/2019	6/30/2020	-	-	4,586	(3,397)	-	1,189	-	3,397		
Technology Aid	19-100-034-5120-064	3,952	7/1/2018	6/30/2019	-	-	-	-	-	-	-	3,952		
Technology Aid	19-100-034-5120-373	2,664	7/1/2018	6/30/2019	80	-	3,132	(2,878)	(80)	-	-	2,584		
Technology Aid	20-100-034-5120-373	3,132	1/15/2019	6/30/2020	80	-	3,132	(2,878)	-	254	-	2,878		
Security Aid	19-100-034-5120-509	11,100	7/1/2018	6/30/2019	115	-	13,050	(10,151)	(115)	-	-	10,985		
Security Aid	20-100-034-5120-509	13,050	1/15/2019	6/30/2020	195	-	703,905	(725,953)	(195)	88,949	(64,564)	10,151		
Total Special Revenue Fund														
		22,880					703,905	(725,953)	(195)	88,949	(64,564)	1,000,434		
<b>New Jersey Economic Development Authority</b>														
Capital Projects Fund														
Improvements and Renovations to the Intermediate School	N/A	3,408,856		Open			-	-	-	-	-	-		
Improvements and Renovations to the Primary School	N/A	2,399,279		Open			-	-	-	-	-	-		
Total Capital Project Fund														
		5,808,135					-	-	-	-	-	-		
<b>State Department of Agriculture:</b>														
Enterprise Fund:														
National School Lunch Program (State Share)	19-100-010-3360-067	4,660	7/1/2018	6/30/2019	(809)	-	809	-	-	-	-	4,660		
National School Lunch Program (State Share)	20-100-010-3360-067	3,384	7/1/2019	6/30/2020	-	-	3,147	(3,394)	-	(237)	(237)	3,384		
Total Enterprise Fund														
		8,044					809	(3,394)	-	(237)	(237)	4,660		
Total State Financial Assistance														
		195					5,955,138	(11,726,127)	(195)	88,949	(756,246)	13,603,612		
Less: Total On-Behalf Contributions														
(5,474,766)														
Total State Financial Assistance														
(6,251,361)														

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



**OCEAN CITY SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2020**

**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 \$17,915 for the general fund and \$36,260 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	\$ 30,473	10,996,790	(5,474,766)	5,552,497
Special Revenue Fund	901,326	562,210		1,463,536
Food Service Fund	205,894	3,384		209,278
Total Financial Assistance	\$ 1,137,693	11,562,384	(5,474,766)	7,225,311

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, 2020  
(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, 2020. 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, 2020.

**OCEAN CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2020**

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

**Financial Statements**

Type of auditor’s report issued:	An Unmodified Opinion was issued on the Basic Financial Statements, dated January 15, 2021
Internal control over financial reporting:	
1) Material weakness identified?	No
2) Significant deficiencies identified?	None reported
Noncompliance material to basic financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
1) Material weakness identified?	No
2) Significant deficiencies identified?	None reported
Type of auditor’s report issued on compliance for major programs:	An Unmodified Opinion was issued on compliance for major programs, dated January 15, 2021
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>
84.027	IDEA Special Education
84.173	IDEA Special Education - Preschool

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, 2020  
(CONTINUED)**

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

**State Awards**

Dollar threshold used to distinguish between type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs:	An Unmodified Opinion was issued on compliance for major programs, dated January 15, 2021
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>
495-034-5120-089	State Aid Public Cluster
495-034-5120-068	Special Education Aid
495-034-5120-084	School Choice Aid
	Security Aid

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

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

**OCEAN CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2020  
(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.