

Annual Comprehensive Financial Report

of the

City of Ocean City School District

Ocean City, New Jersey

For the Year Ended June 30, 2023

Prepared by

City of Ocean City Board of Education

Finance Department

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Introductory Section

OCEAN CITY BOARD OF EDUCATION

501 Atlantic Avenue, Suite 1
Ocean City, New Jersey 08226-3891

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January 29, 2024

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 annual comprehensive financial report of the City of Ocean City School District for the fiscal year ended June 30, 2023 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 annual comprehensive financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the basic financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

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

Ocean City School District – Committed to Excellence

Information on Harassment, Intimidation & Bullying located on our website at www.oceancityschools.org
Equal Opportunity Employer

1. REPORTING ENTITY AND ITS SERVICES (Continued):

The School 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 School District completed the 2022-2023 fiscal year with an enrollment of 1,860 students, which is 70 students less than the previous year's enrollment. The following details the changes in the student enrollment of the School District over the last five years:

Average Daily Enrollment

2022-23	1,860	-3.63%
2021-22	1,930	-5.62%
2020-21	2,045	-2.94%
2019-20	2,107	0.38%
2018-19	2,099	-1.46%

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 School District continues to focus on technology utilization within the educational environment to provide a state-of-the-art educational experience to our students including an ever-increasing digital curriculum. The District has utilized ESSER funds for various capital projects and other initiatives including expanded summer learning opportunities.

We continue the "Raider Ready!" Program at the Ocean City Primary School to aid in the transition of students as new kindergarteners. The yearlong program, before kindergarten, allows 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 will be "Raider Ready!" The Primary School also continued expansion of the PreK program through the State of NJ's preschool expansion program adding an additional classroom for the 2024 school year to serve additional students.

Commitment to the wellness center at the Intermediate School continued. This initiative provides age-appropriate supports to our Intermediate School students and builds on the School 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 School 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. Additional programmatic opportunities are available to students at the High School including expanded AP and a strong variety of dual credit courses through collaborations with various colleges and universities.

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 School 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 School 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 School District management.

As part of the School 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 School 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 as of June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School 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, 2023, the District's outstanding debt consists of \$337,000 in general obligation bonds. This balance consists of \$337,000 from bonds issued on May 15, 2014, for improvements and renovations to the primary school.

8. CASH MANAGEMENT:

The investment policy of the School District is guided in a large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The School 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.

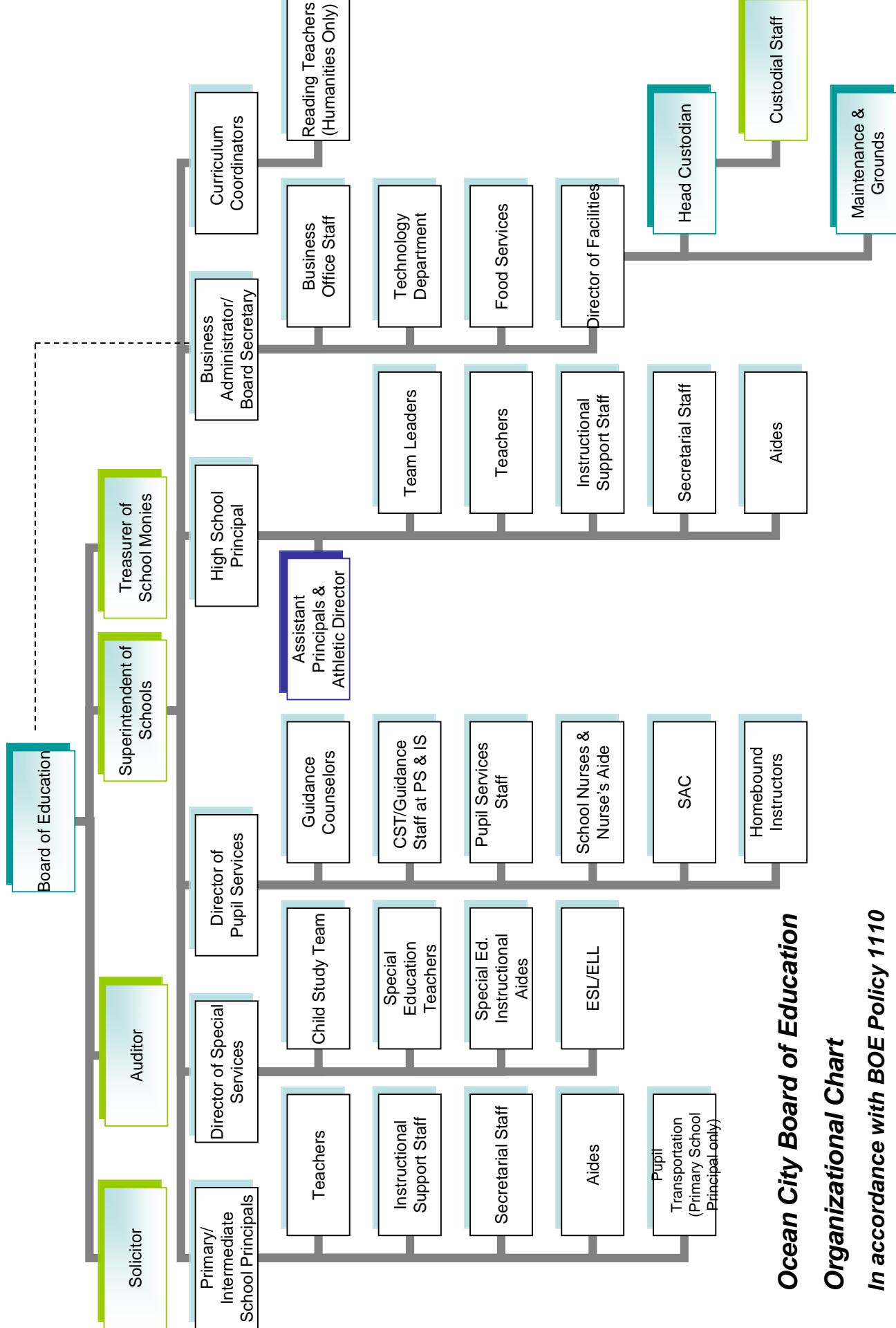
11. ACKNOWLEDGMENTS:

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,

Timothy E. Kelley

Timothy E. Kelley
Board Secretary/Business Administrator



Ocean City Board of Education
Organizational Chart
 In accordance with BOE Policy 1110

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

ROSTER OF OFFICIALS
JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Chris Halliday, President	2025
Joseph S. Clark, Jr., Vice-President	2024
Kevin Barnes	2026
Cecilia Gallelli-Keyes	2024
Jacqueline McAlister	2025
Liz Nicoletti	2026
Catherine Panico	2026
Robin Shaffer	2024
Disston Vanderslice	2025
Kristie Chisholm, Upper Township	2024
William Holmes, Upper Township	2024
Frances T. Newman, Upper Township	2024

Other Officials

Matthew Friedman, Ed. D., Superintendent of Schools through June 30, 2023

Timothy E. Kelley, Business Administrator/Board Secretary

Michael P. Stanton, Esq., Solicitor

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

ARCHITECT

Regan Young England Butera PC

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

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

Report on the Audit of Financial Statements

Opinions

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, in the County of Cape May, New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Ocean City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ocean City School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

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.

Supplementary 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. Such information 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. The 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 the 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises of the introductory and statistical sections and 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 29, 2024, 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 solely 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 the effectiveness of the entity's 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 the City of Ocean City School District's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

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

January 29, 2024

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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, 2023
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, 2023. 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 2023 are as follows:

- In total, net position decreased \$357,026, which represents a decrease of approximately 1 percent from prior year.
- General revenues accounted for \$29,581,043 in revenue or 54 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$25,527,155 or 46 percent of total revenues of \$55,108,198.
- Total assets of governmental activities decreased \$1,282,617 as cash and cash equivalents increased by \$255,020, receivables decreased by \$298,616, and net capital assets decreased by \$1,282,617.
- The School District had \$55,465,224 in expenses; \$25,527,155 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$29,581,043 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$51,339,338 in revenues and \$51,493,968 in expenditures. The General Fund's fund balance decreased \$312,154 from 2022.

Using this Annual Comprehensive Financial Report (ACFR)

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, 2023
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 2023?" 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, 2023
UNAUDITED (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 School 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, 2023
UNAUDITED (CONTINUED)**

Table 1 provides a summary of the School District's net position for 2023 and 2022.

**Table 1
Net Position**

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 16,814,396	16,809,193
Capital Assets	31,686,383	33,147,731
	<u>48,500,779</u>	<u>49,956,924</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	<u>575,345</u>	<u>459,839</u>
Liabilities		
Long-Term Liabilities	10,153,230	8,892,246
Other Liabilities	1,318,307	993,757
	<u>11,471,537</u>	<u>9,886,003</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	1,307,162	3,876,309
	<u>1,307,162</u>	<u>3,876,309</u>
Net Position		
Net Investment in Capital Assets	31,349,383	32,273,630
Restricted	13,578,047	13,914,687
Unrestricted	(8,630,005)	(9,533,866)
	<u>36,297,425</u>	<u>36,654,451</u>
Total Net Position	\$ <u>36,297,425</u>	<u>36,654,451</u>

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

**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal year 2023 and 2022

**Table 2
Changes in Net Position**

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 11,805,023	11,142,777
Operating Grants and Contributions	13,722,132	3,362,687
General Revenues:		
Property Taxes	24,456,039	25,964,323
Grants and Entitlements	4,702,453	15,090,821
Other	422,551	261,800
Total Revenues	<u>55,108,198</u>	<u>55,822,408</u>
Program Expenses		
Instruction	32,596,414	31,102,855
Support Services:		
Tuition	220,671	343,261
Pupils and Instructional Staff	9,253,039	8,073,852
General and School Administration, Business Operations and Maintenance of Facilities	11,047,448	11,291,746
Pupil Transportation	1,354,201	1,057,893
Special Schools and Charter Schools	51,474	58,229
Interest on Debt	165,006	(180,845)
Food Service	776,971	845,967
Total Expenses	<u>55,465,224</u>	<u>52,592,958</u>
Increase in Net Position	<u>\$ (357,026)</u>	<u>3,229,450</u>

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**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Governmental Activities

Property taxes made up 45 percent of revenues for governmental activities for the Ocean City School District for fiscal year 2023. The School District's total governmental revenues were \$54,435,164 for the year ended June 30, 2023. Charges for services represent 21 percent of revenue and federal, state, and local grants accounted for another 33 percent of revenue.

The total cost of all programs and services was \$54,688,253. Instruction comprises 60 percent of District expenses.

Business-Type Activities

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

- Food service expenses exceeded revenues by \$110,261.
- Charges for services represent \$413,216 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$253,494.

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 School District's taxpayers by each of these functions.

	Table 3			
	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Instruction	\$ 32,596,414	9,434,194	31,102,855	19,822,981
Support Services:				
Tuition	220,671	220,671	343,261	343,261
Pupils and Instructional Staff	9,253,039	7,712,161	8,073,852	6,634,050
General Administration and Business Services	2,040,493	2,048,889	2,406,521	2,261,625
School Administration	2,159,301	2,168,186	2,166,396	2,035,960
Operation of Plant	6,847,654	6,673,026	6,718,829	6,172,957
Pupil Transportation	1,354,201	1,354,201	1,057,893	1,057,893
Interest and Finance Charges	165,006	165,006	(180,845)	(180,845)
Other	51,474	51,474	58,229	58,229
Total Expenses	\$ 54,688,253	29,827,808	51,746,991	38,206,111

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.

**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

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 School 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.

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 \$54,644,057 and expenditures were \$55,046,859. The net decrease in fund balance of operations for the year was \$402,802.

As demonstrated by the various statements and schedules included in the financial section of this report, the School 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, 2023, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2022	Percent of Increase (Decrease)
Local Sources	\$ 36,890,684	67.5%	(870,141)	-2.3%
State Sources	15,937,723	29.2%	269,888	2.1%
Federal Sources	1,815,650	3.3%	339,063	34.0%
Total	\$ 54,644,057	100.0%	(261,190)	-0.5%

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, 2023, and the percentage of increases and decreases in relation to prior year amounts.

**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2022	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 20,972,392	38.1%	171,193	0.9%
Undistributed expenditures	33,074,958	60.1%	2,126,897	7.7%
Capital Outlay	467,899	0.9%	168,883	41.6%
Special Schools & Charter Schools	51,474	0.1%	(6,755)	-36.3%
Debt Service:				
Principal	315,000	0.6%	(1,880,000)	-85.1%
Interest	165,136	0.3%	(101,350)	-46.5%
Total	<u>\$ 55,046,859</u>	100.0%	<u>478,868</u>	1.0%

Changes in expenditures were the results of varying factors. The significant change in Debt Service is due to the Refunding Bonds, Series 2016 being paid in full in fiscal year 2022.

General Fund Budgeting Highlights

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

Over the course of the year, the School 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 School District's financial statements. The State of New Jersey made on behalf TPAF Pension Contributions of \$7,271,381 for FY 2023 and also made on-behalf TPAF post-retirements contributions for the School District in the amount of \$1,910,174 and TPAF long-term disability insurance in the amount of \$2,329.
- The State of New Jersey reimbursed the District for TPAF Social Security contributions made during the school year. The amount of \$1,518,598.
- The School District expended \$1,149,373 less than the amount originally budgeted for Unallocated Benefits, \$587,799 of the unexpended balance was transferred to other accounts nearing over-expenditure.

**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2023, the School District had \$31,649,275 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2023 balances compared to 2022.

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

	2023	2022
Land	\$ 879,750	879,750
Land Improvements	50,534	73,078
Sites, Buildings and Building Improvements	29,402,584	30,793,735
Machinery and Equipment	1,316,407	1,135,166
Total	\$ 31,649,275	32,881,729

Debt Administration

At June 30, 2023, the School District had \$2,576,893 of outstanding long term liabilities. Of this amount, \$2,059,424 is for compensated absences, and \$337,000 of serial bonds net of unamortized premiums on bonds issued.

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

	2023	2022
2014 General Obligation Bonds	\$ 337,000	652,000
Lease Agreement	127,475	155,858
Other Financing Agreement	52,994	66,243
Compensated Absences	2,059,424	2,031,351
Total	\$ 2,576,893	2,905,452

At June 30, 2023, 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.

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BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

OCEAN CITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 14,437,041	\$ 760,467	\$ 15,197,508
Receivables, Net	1,349,535	77,485	1,427,020
Internal Balances	777,305	(777,305)	-
Inventory		9,399	9,399
Right to Use Leased Assets	180,469		180,469
Capital Assets			
Land	879,750		879,750
Capital Assets being Depreciated, net	30,769,525	37,108	30,806,633
Total Assets	48,393,625	107,154	48,500,779
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	575,345		575,345
LIABILITIES			
Accounts Payable	426,405	28,368	454,773
Unearned Revenue	846,989	14,882	861,871
Accrued Interest	1,663		1,663
Noncurrent Liabilities			
Due Within One Year	382,412		382,412
Due Beyond One Year	2,194,481		2,194,481
Net Pension Liability	7,576,337		7,576,337
Total Liabilities	11,428,287	43,250	11,471,537
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,307,162		1,307,162
Total Deferred Outflows of Resources	1,307,162	-	1,307,162
NET POSITION			
Net Investment in Capital Assets	31,312,275	37,108	31,349,383
Restricted for:			
Capital Projects	4,475,000		4,475,000
Other Purposes	9,103,047		9,103,047
Unrestricted (Deficit)	(8,656,801)	26,796	(8,630,005)
Total Net Position	\$ 36,233,521	\$ 63,904	\$ 36,297,425

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

OCEAN CITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

Function/Programs	Program Revenue					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Indirect Costs Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 15,323,632	\$ 8,618,796	\$ 11,391,807	\$ 7,767,721	\$ (4,782,900)	\$	\$ (4,782,900)
Special Education	3,997,659	2,248,488		3,221,509	(3,024,638)		(3,024,638)
Other Special Instruction	1,541,065	866,774		781,183	(1,626,656)		(1,626,656)
Support Services:							
Tuition	220,671				(220,671)		(220,671)
Student & Instruction Related Services	5,738,580	3,514,459		1,540,878	(7,712,161)		(7,712,161)
General Administration and Business Services	790,391	484,056		(5,244)	(1,279,691)		(1,279,691)
School Administrative Services	1,339,162	820,139		(8,885)	(2,168,186)		(2,168,186)
Plant Operation and Maintenance	4,662,255	2,185,399		174,628	(6,673,026)		(6,673,026)
Pupil Transportation	1,354,201				(1,354,201)		(1,354,201)
Central Services	475,089	290,957		(3,152)	(769,198)		(769,198)
Unallocated Benefits	17,280,461	(17,280,461)			-		-
Depreciation	1,748,607	(1,748,607)			(51,474)		(51,474)
Charter Schools	51,474				(165,006)		(165,006)
Interest on Long-Term Debt	165,006						
Total Governmental Activities	<u>54,688,253</u>	<u>-</u>	<u>11,391,807</u>	<u>13,468,638</u>	<u>(29,827,808)</u>	<u>-</u>	<u>(29,827,808)</u>
Business-Type Activities:							
Food Service	776,971	-	413,216	253,494		(110,261)	(110,261)
Total Business-Type Activities	<u>776,971</u>	<u>-</u>	<u>413,216</u>	<u>253,494</u>	<u>-</u>	<u>(110,261)</u>	<u>(110,261)</u>
Total Primary Government	<u>\$ 55,465,224</u>	<u>\$ -</u>	<u>\$ 11,805,023</u>	<u>\$ 13,722,132</u>	<u>\$ (29,827,808)</u>	<u>\$</u>	<u>\$ (29,938,069)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes			\$ 24,126,369		\$		\$ 24,126,369
Taxes Levied for Debt Service			329,670				329,670
Federal and State Aid not Restricted			4,702,453				4,702,453
Miscellaneous Income			416,227			6,324	422,551
Total General Revenues, Special Items, Extraordinary Items and Transfers			<u>29,574,719</u>			<u>6,324</u>	<u>29,581,043</u>
Change in Net Position					<u>(253,089)</u>	<u>(103,937)</u>	<u>(357,026)</u>
Net Position - Beginning						167,841	36,654,451
Net Position - Ending						<u>\$ 63,904</u>	<u>\$ 36,297,425</u>

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

FUND FINANCIAL STATEMENTS

OCEAN CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 13,776,592	\$ 660,449	\$ -	\$ 14,437,041
Due from Other Funds	777,306			777,306
Intergovernmental Accounts Receivable				
Federal		678,516		678,516
State	432,058	-		432,058
Other Receivables	230,512	8,449		238,961
Total Assets	15,216,468	1,347,414	-	16,563,882
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	285,346	141,059		426,405
Due to Other Funds		1		1
Unearned Revenue		846,989		846,989
Total Liabilities	285,346	988,049	-	1,273,395
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	942,436			942,436
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	959,733			959,733
Capital Reserve	4,475,000			4,475,000
Maintenance Reserve	2,596,884			2,596,884
Tuition Reserve	3,800,000			3,800,000
Emergency Reserve	424,832			424,832
Unemployment Claims	400,102			400,102
Student Activities		292,112		292,112
Scholarships		67,253		67,253
Assigned to:				
Designated for				
Subsequent Year's Expenditures	210,762			210,762
Other Purposes	351,369			351,369
Unassigned				
General Fund	770,004			770,004
	<u>14,931,122</u>	<u>359,365</u>	<u>-</u>	<u>15,290,487</u>
Total Liabilities and Fund Balances	\$ 15,216,468	\$ 1,347,414	\$ -	

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 \$63,558,708 and the accumulated depreciation is \$31,909,434. 31,649,275

Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. 180,469

Interest on long-term debt in the statement of activities is accrued, regardless of when due. (1,663)

Pension Liabilities Net of Deferred Outflows & Inflows (8,308,154)

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. (2,576,893)

Net Position of governmental activities

\$ 36,233,521

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 24,126,369	\$ -	\$ 329,670	\$ 24,456,039
Tuition Charges	11,391,807			11,391,807
Interest Earned on Investments	500			500
Miscellaneous	415,727	626,611		1,042,338
Total Local Sources	35,934,403	626,611	329,670	36,890,684
State Sources	15,364,629	573,094		15,937,723
Federal Sources	40,306	1,775,344		1,815,650
Total Revenues	<u>51,339,338</u>	<u>2,975,049</u>	<u>329,670</u>	<u>54,644,057</u>
EXPENDITURES				
Current:				
Regular Instruction	15,404,455			15,404,455
Special Education Instruction	2,575,521	1,443,223		4,018,744
Other Special Instruction	1,549,193			1,549,193
Support Services:				
Tuition	220,671			220,671
Student & Instruction Related Serv.	4,702,473	1,578,952		6,281,425
General Administrative Services	865,158			865,158
School Administrative Services	1,465,841			1,465,841
Plant Operation and Maintenance	5,087,170			5,087,170
Pupil Transportation	1,354,201			1,354,201
Central Services	520,031			520,031
Unallocated Employee Benefits	17,280,461			17,280,461
Transfer to Charter School	51,474			51,474
Debt Service:				
Principal			315,000	315,000
Interest and Other Charges	150,466		14,670	165,136
Capital Outlay	266,853	201,046		467,899
Total Expenditures	<u>51,493,968</u>	<u>3,223,221</u>	<u>329,670</u>	<u>55,046,859</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(154,630)</u>	<u>(248,172)</u>	<u>-</u>	<u>(402,802)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in		157,524	-	157,524
Transfer out	(157,524)			(157,524)
Total Other Financing Sources and Uses	<u>(157,524)</u>	<u>157,524</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	(312,154)	(90,648)	-	(402,802)
Fund Balance - July 1	15,243,276	450,013	-	15,693,289
Fund Balance - June 30	<u>\$ 14,931,122</u>	<u>\$ 359,365</u>	<u>\$ -</u>	<u>\$ 15,290,487</u>

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

OCEAN CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Total Net Change in Fund Balance - Governmental Funds (from B-2)		\$ (402,802)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	\$ (1,748,607)	
Capital Outlay	516,153	(1,232,454)
<p>Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long - term liabilities in the statement of Net Position and is not reported in the statement of activities.</p>		
Principal Repayments:		
Bonds Payable		315,000
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of of employee contributions is reported as pension expense.</p>		
District pension contributions - PERS	658,289	
Cost of benefits earned net of employee contributions	436,821	1,095,110
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		(28,073)
<p>In the statement of activities, interest on long - term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.</p>		
		130
Change in Net Position of Governmental Activities		\$ (253,089)

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, 2023

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 760,467	\$ 760,467
Other Accounts Receivable	40,839	40,839
Intergovernmental Accounts Receivable		
Federal	35,403	35,403
State	1,243	1,243
Inventories	9,399	9,399
Total Current Assets	<u>847,351</u>	<u>847,351</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment	342,851	342,851
Less: Accumulated Depreciation	<u>(305,743)</u>	<u>(305,743)</u>
Total Noncurrent Assets	<u>37,108</u>	<u>37,108</u>
Total Assets	<u><u>884,459</u></u>	<u><u>884,459</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	28,368	28,368
Interfund Payable	777,305	777,305
Unearned Revenue	14,882	14,882
Total Current Liabilities	<u>820,555</u>	<u>820,555</u>
Noncurrent Liabilities:		
None	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets		
Related Debt	37,108	37,108
Unrestricted	26,796	26,796
Total Net Position	<u><u>\$ 63,904</u></u>	<u><u>\$ 63,904</u></u>

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, 2023

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
Operating Revenues:		
Charges for Services:		
Reimbursable Program Daily Sales	\$ 183,136	\$ 183,136
Non-Reimbursable Program Daily Sales	187,857	187,857
Special Functions	34,708	34,708
Vending Machine Commissions	7,515	7,515
Total Operating Revenue	<u>413,216</u>	<u>413,216</u>
Operating Expenses:		
Cost of Sales-Reimbursable	185,043	185,043
Cost of Sales- Non Reimbursable	106,807	106,807
Salaries and Wages and Benefits	404,681	404,681
Direct Costs	39,262	39,262
Management Fee	34,385	34,385
Depreciation	6,793	6,793
Total Operating Expenses	<u>776,971</u>	<u>776,971</u>
Operating (Loss)	<u>(363,755)</u>	<u>(363,755)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	7,024	7,024
State School Breakfast Program	236	236
Federal Sources:		
National School Lunch Program	177,024	177,024
School Breakfast Program	24,322	24,322
Food Distribution Program	44,888	44,888
Interest and Investment Income	6,324	6,324
Total Nonoperating Revenues (Expenses)	<u>259,818</u>	<u>259,818</u>
Income (Loss) before Contributions & Transfers	(103,937)	(103,937)
Total Net Position - Beginning	167,841	167,841
Total Net Position - Ending	<u>\$ 63,904</u>	<u>\$ 63,904</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, 2023

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Other Income	\$ 396,376	\$ 396,376
Payments for Food and Supplies	(428,886)	(428,886)
Payments for Employees and Benefits	(404,681)	(404,681)
Net Cash Provided by Operating Activities	<u>(437,191)</u>	<u>(437,191)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	6,949	6,949
Federal Sources	300,695	300,695
Interfunds	35,065	35,065
Net Cash Provided by Noncapital Financing Activities	<u>342,709</u>	<u>342,709</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and Dividends	6,324	6,324
Net Cash Provided by Investing Activities	<u>6,324</u>	<u>6,324</u>
Net Increase in Cash and Cash Equivalents	(88,158)	(88,158)
Balance - Beginning of Year	848,625	848,625
Balance - End of Year	<u>\$ 760,467</u>	<u>\$ 760,467</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income	(363,755)	(363,755)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Net Amortization	6,793	6,793
(Increase) Decrease in Inventories	8,734	8,734
(Increase) Decrease in Accounts Receivable	(19,373)	(19,373)
Increase (Decrease) in Accounts Payable	(72,123)	(72,123)
Increase (Decrease) in Unearned Revenue	2,533	2,533
Total Adjustments	<u>(73,436)</u>	<u>(73,436)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (437,191)</u>	<u>\$ (437,191)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 Teacher's 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, 2023 of 1,860 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, 2023
(CONTINUED)**

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

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

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

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

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

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

The following fund types are used by the District:

1. Governmental Funds:

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

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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

2. Proprietary Funds:

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

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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, 2023
(CONTINUED)**

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 School 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, 2023, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	9,399.00
Supplies		9,399.00
	\$	9,399.00

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, 2023, 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 School District includes all infrastructure assets as depreciable assets in the financial statements.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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 School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses, and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

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

7. Compensated Absences:

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

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

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

8. Interfund Activity:

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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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.

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

Undist. Expend. - Speech, PT, OT & Related Services		
Purchased Professional-Educational Svcs	\$	344,500
Undist. Expend. - Supp. Serv. - School Admin		
Purchased Professional Services		145,299
Undist. Expend. - Admin Info Tech.		
Purchased Technical Services		(142,900)
Supplies and Materials		143,350
Unallocated Benefits - Required Maint. School Fac.		
Social Security Contributions		387,629
Custodial ServicesOther Oper. & Maint.of Plant		
Supplies and Materials		137,100

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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

11. Tuition Payable:

Tuition charges for the fiscal years 2022/23 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates:

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

13. Allocation of Costs:

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

F. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2022:

GASB Statement No. 87, "Leases" - The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement No. 87 is effective for reporting periods beginning after December 15, 2020. Management has implemented this Statement in the School District's financial statements for the year ended June 30, 2022.

GASB Statement No. 98, "The Annual Comprehensive Financial Report". This statement, which is effective for fiscal years ending after December 15, 2021, changed the title of the "Comprehensive Annual Financial Report" to "The Annual Comprehensive Financial Report." new term is founded on a commitment to promoting inclusiveness. Management has implemented this Statement in the School District's financial statements for the year ended June 30, 2022.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement, which is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter, may have an effect on the District's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)". This statement, which is effective for fiscal years beginning after June 15, 2023, may have an effect on the District's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, may have an 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, 2023, \$1,027,746.15 of the School District's bank balance of \$16,375,587.43 was exposed to custodial credit risk.

NOTE 3 - INVESTMENTS

As of June 30, 2023, the District had no investments:

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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 4 – RECEIVABLES

Receivables at June 30, 2023, consisted of accounts (extraordinary services), interfund, intergovernmental, and other revenues. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Business-Type Activities Financial Statements	Government Wide Financial Statements
State Aid	\$ 432,058	\$ 1,243	\$ 433,301
Federal Aid	678,516	35,403	713,919
Other	238,961	40,839	279,800
Gross Receivables	1,349,535	77,485	1,427,020
Less: Allowance for Uncollectibles			
Total Receivables, Net	\$ 1,349,535	\$ 77,485	\$ 1,427,020

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2023, several interfunds remained on the various balance sheets of the Ocean City Board of Education.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 777,306	\$
Special Revenue Fund		1
Food Service Fund		777,305
	\$ 777,306	\$ 777,306

The general fund receivable is comprised of an interfund. The interfund owed to the General Fund from the Food Service Fund for expenses paid by the general fund on behalf of the food service fund.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 879,750	\$ -	\$ -	\$ 879,750
Total capital assets not being depreciated	<u>879,750</u>	<u>-</u>	<u>-</u>	<u>879,750</u>
Capital assets being depreciated:				
Land Improvements	565,471			565,471
Buildings and building improvements	57,050,858			57,050,858
Machinery and Equipment	4,546,477	516,153		5,062,630
Total capital assets being depreciated at historical cost	<u>62,162,806</u>	<u>516,153</u>	<u>-</u>	<u>62,678,959</u>
Less accumulated depreciation for:				
Land Improvements	(492,393)	(22,544)		(514,937)
Buildings and improvements	(26,257,123)	(1,391,151)		(27,648,274)
Equipment	(3,411,311)	(334,912)		(3,746,223)
Total capital assets being depreciated, net of accumulated depreciation	<u>(30,160,827)</u>	<u>(1,748,607)</u>	<u>-</u>	<u>(31,909,434)</u>
Governmental activity capital assets, net	<u>\$ 32,881,729</u>	<u>\$ (1,232,454)</u>	<u>\$ -</u>	<u>\$ 31,649,275</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	342,851			342,851
Less accumulated depreciation	(298,950)	(6,793)		(305,743)
Enterprise Fund capital assets, net	<u>43,901</u>	<u>(6,793)</u>	<u>-</u>	<u>37,108</u>
Grand Total	<u>\$ 32,925,630</u>	<u>\$ (1,239,247)</u>	<u>\$ -</u>	<u>\$ 31,686,383</u>

Depreciation expense was charged to governmental functions:

Regular Instruction	\$ 894,751
Special Education Instruction	233,424
Other Special Instruction	89,983
Student and Instruction Related Services	364,850
School Administrative Services	85,142
General and Business Administrative Services	50,252
Central Services	30,205
	<u>\$ 1,748,607</u>

No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$14,670, for the entity wide statements this was modified by the state charge back to the School District for debt service aid of \$150,466 for a total charge of \$165,136.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Issues or Additions	Payments or Expenditures	Balance June 30, 2023	Amounts Due Within One Year
Compensated Absences	\$ 2,031,351	\$ 184,767	\$ 156,694	\$ 2,059,424	
Bonds Payable	652,000		315,000	337,000	337,000
Lease Liability	222,101		41,632	180,469	45,412
Net Pension Liability	5,986,794	1,589,543		7,576,337	
	<u>\$ 8,892,246</u>	<u>\$ 1,774,310</u>	<u>\$ 513,326</u>	<u>\$ 10,153,230</u>	<u>\$ 382,412</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, 2023 bonds payable consisted of the following issues:

\$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, 2023, is \$337,000.

Debt service requirements on serial bonds payable at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 337,000	\$ 7,583	\$ 344,583
	<u>\$ 337,000</u>	<u>\$ 7,583</u>	<u>\$ 344,583</u>

Lease Liability

The District entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at present value of the future minimum lease payments as of the date of their inception. The district has determined the accumulated amortization to be immaterial to the government-wide financial statements and has elected to record the remaining payments in full.

The agreements were executed in FY 2022 to lease copy machines and postage machines at various locations within the district. The lease terms are 60 months, and the final payments will mature in March and April 2027. The monthly copier payments are \$3,053.54 and quarterly postage machine payments are \$3,312.15.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

The following are minimum lease payments due on an annual basis.

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 45,412	\$ 4,480	\$ 49,892
2025	46,712	3,179	49,891
2026	48,064	1,826	49,890
2027	40,281	449	40,730
	<u>\$ 180,469</u>	<u>\$ 9,934</u>	<u>\$ 190,403</u>

NOTE 8 – UNEARNED REVENUE

The District has unearned revenue reflected on the Statement of Net Position in the District-Wide Financial Statements of \$861,871. This consists of unearned revenue of \$846,989 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 \$14,882 in the food service fund for student meals prepaid.

NOTE 9 – PENSION PLANS

Description of Plans - All required employees of the School 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: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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 employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2023.

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, 2023, 2022 and 2021 were \$1,518,598 \$1,493,976, and \$1,448,164, 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, 2023, 2022 and 2021 were \$658,289, \$591,840, and \$549,038 respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2023, was \$27,441,366. The TPAF covered payroll was \$20,715,816 and the PERS covered payroll was \$3,926,395. Information for prior years was not available.

During the fiscal years ended June 30, 2023, 2022 and 2021, the State of New Jersey contributed \$1,910,174, \$1,732,993, and \$1,655,709, 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 \$7,271,381, \$7,417,351, and \$5,283,318, 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 \$2,329 for long-term disability insurance contribution in 2023. 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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

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 PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

**OCEAN CITY SCHOOL DISTRICT
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(CONTINUED)**

system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

NOTE 10: PENSION LIABILITIES – PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the District's pension liabilities. The following information describes the District's proportionate share of the statewide pension system's liabilities and expenses.

The following represents the District's pension liabilities as June 30, 2022:

Public Employees' Retirement System

The District has a liability of \$7,576,337 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. 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, 2022, the District's proportion is 0.05020308420%, which is a decrease of 0.66% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized negative pension expense of \$462,025. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 54,683	\$ (48,222)
Changes of assumptions	23,474	(1,134,478)
Net difference between projected and actual earnings on pension plan investments	313,578	-
Changes in proportion	183,610	(124,462)
Total	\$ 575,345	\$ (1,307,162)

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NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2024	\$	(668,920)
2025		(246,360)
2026		(17,310)
2027		202,346
2028		(1,573)
Total	\$	<u><u>(731,817)</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases:		2.75% – 6.55% (based on years of service)
Investment rate of return:		7.00%

Pre-retirement mortality rates were based on the Pub-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% 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 disable retirees were based on the Pub-2010 Non-Safety Disabled 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 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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 weighing 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 PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

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(CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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 as disclosed above, 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 or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 9,085,582	\$ 7,576,337	\$ 6,293,337

Pension plan fiduciary net position.

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

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NOTE 11 – PENSION LIABILITIES - TEACHERS’ PENSION AND ANNUITY FUND (TPAF)

At June 30, 2022, the District liability for its proportionate share of the net pension liability which is considered a Special Funding Situation with the State of New Jersey is reported below.

The employer contributions for local participating employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 18:66-33. Therefore, local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan, there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

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		91,668,996.00
Total	\$	91,668,996.00

The net pension liability was measured as of June 30, 2022 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, 2022, the District’s proportion was 0.00%, which was no change from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$2,467,069 and revenue of \$2,467,069 for support provided by the State.

Actuarial assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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	2.75% - 5.65% (based on years of service)
Investment rate of return	7.00%

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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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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 weighing 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount rate.

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**OCEAN CITY SCHOOL DISTRICT
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(CONTINUED)**

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 7.0% 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net position liability associated with the District	\$ 107,483,845.81	\$ 91,668,996.00	\$ 78,346,972.23

Pension plan fiduciary net position.

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

Additional Information

Collective balances of the local group at June 30, 2022 are as follows:

Deferred outflows of resources	\$	5,004,259,312
Deferred inflows of resources		19,682,774,794
Net pension liability		51,676,587,303

Collective pension expense for the plan for the measurement period ended June 30, 2022 is \$1,390,761,344.

**OCEAN CITY SCHOOL DISTRICT
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NOTE 12 – OTHER POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be reported on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contributions. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 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 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASBE 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 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent, from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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 June 30, 2023 III-3.8 the NJ State ACFR on the Office of Management and Budget's Financial Publications webpage: [NJ OMB - Financial Publications](#)

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2022, actuarial valuation reported by the State in the State’s most recently issued ACFR was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases

TPAF/ABP	PERS	PFRS
2.75% to 4.25% based on service years	2.75% to 6.55% based on service years	3.25% to 16.25% based on service years

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2020 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF, PERS, and PFRS experience studies for the period July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026, and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026, and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% 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%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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

Balance at 6/30/22 (Based on 6/30/2021 measurement date)	\$ 60,007,650,970.00
Changes for the year:	
Service cost	2,770,618,025.00
Interest	1,342,187,139.00
Changes in Benefit Terms	-
Differences between Expected & Actual Experiences	1,399,200,736.00
Changes in assumptions or other inputs	(13,586,368,097.00)
Contributions: Member	42,650,252.00
Benefit payments	<u>(1,329,476,059.00)</u>
Net changes	<u>(9,361,188,004.00)</u>
Balance at 6/30/23 (Based on 6/30/2022 measurement date)	<u>\$ 50,646,462,966.00</u>

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

The following presents the total OPEB liability as of June 20, 2022, respectively, calculated using a discount rate as disclosed above as well as what the total nonemployer OPEB would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 59,529,589,697.00	\$ 50,646,462,966.00	\$ 43,527,080,995.00

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

The following presents the total OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the 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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 41,862,397,291.00	\$ 50,646,462,966.00	\$ 62,184,866,635.00

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

For the year ended June 30, 2022, the board of education recognized OPEB expense of (\$208,893.00) determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,042,402,619.00	\$ (15,462,950,679.00)
Changes in assumptions	8,765,620,577.00	(17,237,289,230.00)
	\$ 17,808,023,196.00	\$ (32,700,239,909.00)

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

Year Ended June 30,			
2023	\$	(2,517,151,602.00)	
2024		(2,517,151,602.00)	
2025		(2,517,151,602.00)	
2026		(2,175,449,761.00)	
2027		(1,243,951,140.00)	
Thereafter		(3,921,361,006.00)	
	\$	(14,892,216,713.00)	

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

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

NOTE 13 – 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 fund's 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, 2023, no liability existed for compensated absences in the Food Service Enterprise Fund.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 14 – DEFERRED COMPENSATION

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

Vanguard Fiduciary Trust Co. Lincoln Life Lincoln Investment Planning, Inc. Washington National Insurance Co. Prudential Investments	The Equitable Retirement Annuity Consultants, Inc. Thomas Seely Agency Siracusa Benefits Program
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NOTE 15 – 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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022		\$	4,386,068
Deposits			
Interest earned	\$		250
Board Resolution - June		313,682	<u>313,932</u>
Withdrawals:			
Withdrawal by Budget			<u>(225,000)</u>
Ending balance, June 30, 2023		\$	<u><u>4,475,000</u></u>

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 16 – 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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$	2,596,884
Deposits		
Interest earned	\$	200
Board Resolution - June		793,636
		793,836
Withdrawals:		
Withdrawal by Board Resolution		(393,836)
Withdrawal by Budget		(400,000)
		(793,836)
Ending balance, June 30, 2023	\$	2,596,884

NOTE 17 – 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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$	3,800,000
Deposits		
Board Resolution - June		
Withdrawals:		
Withdrawal by Budget		(0)
Ending balance, June 30, 2023	\$	3,800,000

Of the balance of \$3,800,000 in the reserve; \$1,900,000 is appropriated for tuition adjustments in the FY 2023 district budget and \$1,900,000 is available to be appropriated in the FY 2024 budget for tuition adjustments.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 18 – 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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022		\$	424,782
Deposits			
Interest earned	\$		50
Board Resolution - June			
			50
Withdrawals:			
Withdrawal by Budget			
Ending balance, June 30, 2023		\$	424,832

NOTE 19 – 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 as of June 30th are as follows;

Fund	Amount
General Fund Encumbered Orders	\$ 351,369

Of the general fund encumbrances, \$83,857 is for capital outlay.

NOTE 20 – 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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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	Returned to General Fund	Ending Balance
2022-2023	\$ 85,151	\$ 2,515	\$ 43,358	\$ 60,000	400,102
2021-2022	29,971	711	24,247		415,794
2020-2021	84,214	1,614	65,218		409,359
					388,749

NOTE 21 – CONTINGENT LIABILITIES

Federal and State Grants

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

NOTE 22 – FUND BALANCE APPROPRIATED

General Fund – Of the \$14,931,122 General Fund - Fund balance, at June 30, 2023, \$351,369 is reserved for encumbrances; \$942,436 is reserved as excess surplus in accordance with NJSA 18A:7F-7; \$959,733 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024, \$4,475,000 has been reserved in the Capital Reserve Account; \$2,596,884 has been reserved in a Maintenance Reserve Account; \$3,800,000 has been reserved in a Tuition Reserve Account; \$424,832 has been reserved in an Emergency Reserve Account; \$400,102 has been reserved in Unemployment Claims; 210,762 has been assigned and anticipated as revenue in the 2023-04 School Budget and \$770,004 is classified as Unassigned.

NOTE 23 – 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, 2023 is \$1,902,169, of which \$959,733 has been included in the 2024 fiscal year budget.

NOTE 24 – 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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

NOTE 25 – ECONOMIC DEPENDENCY

The School 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 School District's programs and activities.

NOTE 26 – RIGHT TO USE ASSETS

The school district has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability, plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The District has determined the other charges and amortization to be immaterial to the government-wide financial statements and has elected to record the Right of Use Assets at their remaining liability payments.

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Copiers	\$ 155,858	\$	\$ 28,383	\$ 127,475
Postage Machine	66,243		13,249	52,994
Right to use assets, net	<u>\$ 222,101</u>	<u>\$ -</u>	<u>\$ 41,632</u>	<u>\$ 180,469</u>

NOTE 27 – SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2023 through January 29, 2024, 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, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 24,126,369	\$ -	\$ 24,126,369	\$ 24,126,369	\$ -
Tuition	11,354,334		11,354,334	11,391,807	37,473
Interest Earned on Maintenance Reserve	200		200	200	-
Interest Earned on Emergency Reserve	50		50	50	-
Interest Earned on Capital Reserve	250		250	250	-
Unrestricted Miscellaneous	150,000		150,000	415,727	265,727
Total Local Sources	<u>35,631,203</u>	<u>-</u>	<u>35,631,203</u>	<u>35,934,403</u>	<u>303,200</u>
State Sources:					
Categorical Special Education Aid	1,112,848		1,112,848	1,112,848	-
School Choice Aid	2,763,142		2,763,142	2,763,142	-
Security Aid	203,070		203,070	203,070	-
Transportation Aid	252,189		252,189	252,189	-
Extraordinary Aid			-	339,376	339,376
Nonpublic Transportation			-	16,224	16,224
TPAF Pension (On-Behalf - Non-Budgeted)				7,271,381	7,271,381
TPAF Post-retirement (On-Behalf - Non-Budgeted)				1,910,174	1,910,174
TPAF Long Term Disability Insurance				2,329	2,329
TPAF Social Security (Reimbursed- Non-Budgeted)				1,518,598	1,518,598
Total State Sources	<u>4,331,249</u>	<u>-</u>	<u>4,331,249</u>	<u>15,389,331</u>	<u>11,058,082</u>
Federal Sources:					
Medicaid Reimbursement	25,797		25,797	36,773	10,976
Medicaid SEMI ARRA				3,533	3,533
Total Federal Sources	<u>25,797</u>	<u>-</u>	<u>25,797</u>	<u>40,306</u>	<u>14,509</u>
Total Revenues	<u>39,988,249</u>	<u>-</u>	<u>39,988,249</u>	<u>51,364,040</u>	<u>11,375,791</u>

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Kindergarten - Salaries of Teachers	352,426	9,300	361,726	361,637	89
Grades 1 - 5 Salaries of Teachers	2,870,048	143,300	3,013,348	2,959,664	53,684
Grades 6 - 8 Salaries of Teachers	2,507,495		2,507,495	2,469,938	37,557
Grades 9 - 12 Salaries of Teachers	8,800,204	(89,890)	8,710,314	8,642,856	67,458
Regular Programs - Home Instruction					
Salaries of Teachers	70,000		70,000	29,899	40,101
Purchased Professional - Educational Services	150,000	(100,000)	50,000	47,702	2,298
Other Purchased Services (400-500 series)	5,000		5,000		5,000
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	3,500		3,500		3,500
Purchased Technical Services	77,120	13,150	90,270	89,591	679
Other Purchased Services (400-500 series)	130,187	(20,350)	109,837	89,226	20,611
General Supplies	736,851	12,825	749,676	696,678	52,998
Textbooks	71,043	(5,625)	65,418	17,039	48,379
Other Objects	9,876		9,876	225	9,651
TOTAL REGULAR PROGRAMS - INSTRUCTION	15,783,750	(37,290)	15,746,460	15,404,455	342,005
SPECIAL EDUCATION - INSTRUCTION					
Learning and or Language Disabilities					
Salaries of Teachers	240,534	(45,201)	195,333	186,735	8,598
Other Salaries for Instruction		45,201	45,201	44,742	459
General Supplies	7,200		7,200		7,200
Total Learning and or Language Disabilities	247,734	-	247,734	231,477	16,257

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Multiple Disabilities					
Salaries of Teachers	535,138	(253,830)	281,308	280,771	537
Other Salaries for Instruction	118,402	(87,000)	31,402	30,851	551
General Supplies	9,885	-	9,885	4,754	5,131
Total Multiple Disabilities	<u>663,425</u>	<u>(340,830)</u>	<u>322,595</u>	<u>316,376</u>	<u>6,219</u>
Resource Room/Resource Center					
Salaries of Teachers	1,841,000	131,100	1,972,100	1,971,978	122
Other Salaries for Instruction		50,400	50,400	50,318	82
General Supplies	7,389	-	7,389	5,372	2,017
Total Resource Room/Resource Center	<u>1,848,389</u>	<u>181,500</u>	<u>2,029,889</u>	<u>2,027,668</u>	<u>2,221</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>2,759,548</u>	<u>(159,330)</u>	<u>2,600,218</u>	<u>2,575,521</u>	<u>24,697</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	209,308	5,000	214,308	214,255	53
Total Basic Skills/Remedial - Instruction	<u>209,308</u>	<u>5,000</u>	<u>214,308</u>	<u>214,255</u>	<u>53</u>
Bilingual Education - Instruction					
Salaries of Teachers	187,357		187,357	184,948	2,409
General Supplies	3,200		3,200	318	2,882
Total Bilingual Education - Instruction	<u>190,557</u>	<u>-</u>	<u>190,557</u>	<u>185,266</u>	<u>5,291</u>

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Cocurricular Activities - Instruction					
Salaries	216,200		216,200	210,101	6,099
Supplies & Materials	2,304		2,304		2,304
Transfers to Cover Deficit (Agency Funds)	51,840	(6,700)	45,140	41,327	3,813
Total School-Spon. Cocurricular Activities - Inst.	270,344	(6,700)	263,644	251,428	12,216
School-Spon. Cocurricular Athletics - Instruction					
Salaries	566,514	2,880	569,394	569,279	115
Purchased Professional Services	82,000	4,810	86,810	86,809	1
Other Purchased Services (400-500 series)	30,216	4,060	34,276	34,271	5
Supplies & Materials	115,868	25,150	141,018	132,116	8,902
Other Objects	8,160	6,342	14,502	14,502	-
Transfers to Cover Deficit (Agency Funds)	58,450	2,660	61,110	61,110	-
Total School-Spon. Cocurricular Athletics - Inst.	861,208	45,902	907,110	898,087	9,023
Other Instructional Programs - Instruction					
Other Purchased Services (300-500 series)	1,368		1,368		1,368
Supplies & Materials	1,440		1,440	157	1,283
Other Objects	421		421		421
Total Other Instructional Programs - Instruction	3,229	-	3,229	157	3,072
TOTAL INSTRUCTION	20,077,944	(152,418)	19,925,526	19,529,169	396,357

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	30,000	5,389	35,389	35,389	-
Tuition to Other LEAs Within the State-Special	30,000	(2,289)	27,711	13,140	14,571
Tuition to County Voc. School Dist. - Regular	24,299		24,299	24,299	-
Tuition to County Voc. School Dist. - Special	18,950		18,950	18,950	-
Tuition to CSSD & Regional Day Schools	284,355		284,355	105,426	178,929
Tuition to Private Schools for the Disabled - Within State	150,976		150,976	23,467	127,509
Tuition Other	75,000	(3,100)	71,900	71,900	
Total Undistributed Expenditures - Instruction	613,580	-	613,580	220,671	392,909
Undistributed Expend. - Attend. & Social Worker Salaries	87,192		87,192	87,175	17
Purchased Professional and Technical Services	75,000	260	75,260	75,249	11
Total Undist. Expend. - Attend. & Social Worker	162,192	260	162,452	162,424	28
Undistributed Expend. - Health Services					
Salaries	312,666		312,666	247,007	65,659
Purchased Professional and Technical Services	25,000	(977)	24,023	14,779	9,244
Other Purchased Services (400-500 series)	1,177		1,177	795	382
Supplies & Materials	10,057	1,279	11,336	11,318	18
Other Objects	1,000	(302)	698	466	232
Total Undistributed Expend. - Health Services	349,900	-	349,900	274,365	75,535
Undist. Expend. - Speech, PT, OT & Related Services					
Salaries	213,308	(5,000)	208,308	207,199	1,109
Purchased Professionals - Educational Services	250,000	344,500	594,500	594,409	91
Supplies & Materials	4,400	25	4,425	4,227	198
Total Undist. Expend. -Speech, PT, OT & Rel. Svces	467,708	339,525	807,233	805,835	1,398

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	337,140	(72,635)	264,505	264,328	177
Purchased Professional-Educational Services	70,936	95,800	166,736	166,638	98
Supplies & Materials	3,000	30	3,030	3,020	10
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	<u>411,076</u>	<u>23,195</u>	<u>434,271</u>	<u>433,986</u>	<u>285</u>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	878,593		878,593	877,484	1,109
Salaries of Secretarial and Clerical Assistants	82,503		82,503	77,158	5,345
Other Purchased Services (400-500 series)	39,532	(1,310)	38,222	37,226	996
Supplies & Materials	9,812	1,960	11,772	10,236	1,536
Other Objects	1,517	(650)	867	855	12
Total Undistributed Expend. - Guidance	<u>1,011,957</u>	<u>-</u>	<u>1,011,957</u>	<u>1,002,959</u>	<u>8,998</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	882,909	(600)	882,309	849,509	32,800
Salaries of Secretarial and Clerical Assistants	124,389	600	124,989	124,916	73
Purchased Professional - Education Services	92,300	(5,080)	87,220	18,072	69,148
Other Purchased Prof. And Tech. Services	18,000	(200)	17,800	14,481	3,319
Other Purchased Services (400-500 series)	11,000	(2,900)	8,100	310	7,790
Supplies & Materials	17,269	2,210	19,479	19,108	371
Other Objects	1,000	890	1,890	1,890	-
Total Undist. Expend. - Child Study Teams	<u>1,146,867</u>	<u>(5,080)</u>	<u>1,141,787</u>	<u>1,028,286</u>	<u>113,501</u>

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisor of Instruction	74,485	2,200	76,685	76,606	79
Salaries of Secr and Clerical Assist.	24,348		24,348	24,348	-
Other Salaries	30,000	(9,100)	20,900	6,855	14,045
Other Purch Prof. and Tech. Services	31,105	(9,300)	21,805		21,805
Other Purchased Services (400-500 series)	500		500	297	203
Supplies & Materials	3,000		3,000	2,508	492
Other Objects	2,500		2,500	2,500	
Total Undist. Expend. - Improvement of Inst. Serv.	<u>165,938</u>	<u>(16,200)</u>	<u>149,738</u>	<u>113,114</u>	<u>36,624</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	656,334	(40,000)	616,334	574,481	41,853
Purchased Professional Services	1,440	9	1,449	1,449	-
Purchased Professional and Technical Services	70,315	13,221	83,536	63,659	19,877
Other Purchased Services (400-500 series)	384	45,080	45,464	44,935	529
Supplies & Materials	53,891	(13,490)	40,401	37,998	2,403
Other Objects	750		750	60	690
Total Undistributed Expenditures - Educational Media Services - School Library	<u>783,114</u>	<u>4,820</u>	<u>787,934</u>	<u>722,582</u>	<u>65,352</u>
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors Inst.	74,484	2,200	76,684	76,606	78
Purchased Professional - Educational Services	76,800	(8,000)	68,800	47,209	21,591
Other Purchased Services (400-500 series)	19,052	11,650	30,702	23,807	6,895
Supplies and Materials	1,000	10,350	11,350	11,300	50
Total Undistributed Expenditures - Instructional Staff Training Services	<u>171,336</u>	<u>16,200</u>	<u>187,536</u>	<u>158,922</u>	<u>28,614</u>

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	292,038	61,374	353,412	272,308	81,104
Legal Services	130,000	5,680	135,680	135,679	1
Audit Fees	29,000	(3,080)	25,920	25,500	420
Architectural/Engineering Services	54,000	(40,500)	13,500	10,080	3,420
Other Purchased Professional Services	24,000	79,000	103,000	102,922	78
Purchased Technical Services	33,400	245	33,645	33,644	1
Equipment Leases	3,000		3,000	2,815	185
Communications/Telephone	148,800	(24,200)	124,600	108,147	16,453
BOE Other Purchased Services	6,900	5,525	12,425	12,424	1
Misc. Purch Serv (400-500) [Other than 530 & 585]	126,350	655	127,005	126,334	671
Travel	2,500	4,200	6,700	6,393	307
General Supplies	8,418	-	8,418	5,338	3,080
BOE In-house Train/Meeting Supplies	500		500	500	
Judgments Against the School	4,800	(2,400)	2,400	2,400	
Miscellaneous Expenditures	5,000	1,500	6,500	4,429	2,071
BOE Membership Dues/Fees	19,500		19,500	19,145	355
Total Undistr. Expend. - Support Svs - Gen.Admin.	888,206	87,999	976,205	865,158	111,047
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Asst.	1,119,316	145,299	1,264,615	1,075,884	188,731
Salaries of Secretarial Asst.	317,798		317,798	294,864	22,934
Purchased Professional and Technical Services	960		960		960
Equipment Leases	20,100		20,100	17,400	2,700
Other Purchased Services (400-500 series)	16,435	15,700	32,135	25,273	6,862
Supplies and Materials	55,573	(8,000)	47,573	47,336	237
Other Objects	5,612		5,612	5,084	528
Total Undistributed Expenditures - Support Services - School Administration	1,535,794	152,999	1,688,793	1,465,841	222,952

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Central Services					
Salaries	524,798	78,999	603,797	429,776	174,021
Purchased Professional Services	20,200		20,200	17,071	3,129
Purchased Technical Services	22,000		22,000	17,642	4,358
Miscellaneous Purchased Services (400-500 series)	18,000	-	18,000	6,345	11,655
Supplies and Materials	10,000	(50)	9,950	3,640	6,310
Miscellaneous Expenditures	4,100		4,100	2,350	1,750
Total Undistributed Expenditures - Central Services	<u>599,098</u>	<u>78,949</u>	<u>678,047</u>	<u>476,824</u>	<u>201,223</u>
Undist. Expend. - Admin Info Tech.					
Purchased Technical Services	168,188	(142,900)	25,288	18,731	6,557
Other Purchased Services (400-500 series)	400	(400)	-	-	-
Supplies and Materials	24,578	143,350	167,928	24,476	143,452
Total Undistributed Expenditures - Admin Info. Tech.	<u>193,166</u>	<u>50</u>	<u>193,216</u>	<u>43,207</u>	<u>150,009</u>
Undist. Expend. - Required Maint. School Fac.					
Salaries	333,562		333,562	325,303	8,259
Cleaning, Repair and Maintenance Services	600,940	387,629	988,569	575,801	412,768
General Supplies	300,530	45,894	346,424	239,458	106,966
Other Objects	4,100	600	4,700	3,535	1,165
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>1,239,132</u>	<u>434,123</u>	<u>1,673,255</u>	<u>1,144,097</u>	<u>529,158</u>

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Custodial Services	1,350,272	(87,900)	1,262,372	1,251,222	11,150
Salaries	118,102	(20,000)	98,102	94,901	3,201
Salaries - Non- Instructional Aides	68,250	(12,000)	56,250	55,982	268
Purchased Professional and Technical Services	144,423	(92,724)	51,699	50,569	1,130
Cleaning, Repair and Maintenance Services	5,700	(869)	4,831	3,033	1,798
Rental of Land and Buildings	105,256		105,256	101,474	3,782
Other Purchased Property Services	285,500	52,400	337,900	333,703	4,197
Insurance	8,250		8,250	2,044	6,206
Miscellaneous Purchased Services	206,476	(2,994)	203,482	196,375	7,107
General Supplies	251,000	137,100	388,100	388,017	83
Energy (Natural Gas)	984,700	81,500	1,066,200	1,064,365	1,835
Energy (Electricity)	6,602	(600)	6,002	3,870	2,132
Other Objects					
Total Undistributed Expenditures - Custodial Services	3,534,531	53,913	3,588,444	3,545,555	42,889
Undist. Expend- Care & Upkeep of Grounds					
Salaries	123,798		123,798	115,030	8,768
Cleaning, Repair, and Maintenance Services	34,850		34,850	33,061	1,789
General Supplies	40,016	-	40,016	23,779	16,237
Total Care and Upkeep of Grounds	198,664	-	198,664	171,870	26,794
Undist. Expend. - Security					
Salaries	217,504		217,504	207,628	9,876
Purchased Professional and Technical Services	125,000	(94,200)	30,800	7,973	22,827
General Supplies	25,000		25,000	10,047	14,953
Total Security	367,504	(94,200)	273,304	225,648	47,656
Total Undistributed Expenditures Operations and Maintenance of Plant	5,339,831	393,836	5,733,667	5,087,170	646,497

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Student Transportation Serv.					
Salaries - (Other than Home & Sch)	47,000	(26,000)	21,000	20,391	609
Contracted Services (Bet. Home & School)- Vendors	718,031	65,500	783,531	771,175	12,356
Contracted Services - (Other than Home & Sch)-Ven.	227,510	(13,800)	213,710	209,336	4,374
Contr. Serv. - (Sp Ed. Students) - Vendors	274,468	(21,620)	252,848	251,351	1,497
Contracted Services (Bet. Home & School)-Joint Agrmt		2,650	2,650	2,539	111
Contr. Serv. - (Sp Ed. Students) - Joint Agrmt	20,500	45,650	66,150	64,844	1,306
Contr. Serv. - Aid in Lieu Payments - NonPub Sch	15,000	(3,500)	11,500	10,947	553
Transportation Supplies	15,000	8,620	23,620	23,618	2
Total Undistributed Expenditures - Student Transportation Services	<u>1,317,509</u>	<u>57,500</u>	<u>1,375,009</u>	<u>1,354,201</u>	<u>20,808</u>
Unallocated Benefits - Employee Benefits					
Social Security Contribution	525,000		525,000	449,455	75,545
Other Retirement Contributions - PERS	613,500	44,855	658,355	658,289	66
Unemployment Compensation	60,000	(26,200)	33,800	33,800	33,800
Workmen's Compensation	350,000	(57,802)	292,198	280,817	11,381
Health Benefits	5,727,056	(548,652)	5,178,404	4,928,960	249,444
Tuition Reimbursement	71,796	-	71,796	37,106	34,690
Other Employee Benefits	200,000	42,000	242,000	220,352	21,648
Unused Sick Payment to Terminated/Retired	180,000	(42,000)	138,000	3,000	135,000
Total Unallocated Benefits	<u>7,727,352</u>	<u>(587,799)</u>	<u>7,139,553</u>	<u>6,577,979</u>	<u>561,574</u>
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (non-bud)			-	7,271,381	(7,271,381)
On-Behalf TPAF Post-retir. Contribution (non-bud)			-	1,910,174	(1,910,174)
On-Behalf TPAF Long Term Disability Insurance			-	2,329	(2,329)
Reimbursed TPAF Social Security Cont.(non-bud)			-	1,518,598	(1,518,598)
Total On-Behalf Contributions			<u>-</u>	<u>10,702,482</u>	<u>(10,702,482)</u>
Total Personal Services - Employee Benefits	<u>7,727,352</u>	<u>(587,799)</u>	<u>7,139,553</u>	<u>17,280,461</u>	<u>(10,140,908)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>22,884,624</u>	<u>546,254</u>	<u>23,430,878</u>	<u>31,496,006</u>	<u>(8,065,128)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>42,962,568</u>	<u>393,836</u>	<u>43,356,404</u>	<u>51,025,175</u>	<u>(7,668,771)</u>

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Undistributed Exp. - Instruction	148,850	(1)	148,849	78,986	69,863
Undistributed Exp. - Admin. Info. Tech.	150,000		150,000	12,353	137,647
Undistributed Exp. - Custodial	15,700		15,700	10,117	5,583
Total Equipment	<u>314,550</u>	<u>(1)</u>	<u>314,549</u>	<u>101,456</u>	<u>213,093</u>
Facilities Acquisition and Construction Services					
Construction Services	200,000		200,000	163,987	36,013
Architectural/Engineering Services	25,000		25,000	1,410	23,590
Supplies & Materials	150,466		150,466	150,466	-
Assessment for Debt Service on SDA Funding	<u>375,466</u>	<u>-</u>	<u>375,466</u>	<u>315,863</u>	<u>59,603</u>
Total Facilities Acquisition and Construction Services					
TOTAL CAPITAL OUTLAY	690,016	(1)	690,015	417,319	272,696
Transfer of Funds to Charter Schools	101,138		101,138	51,474	49,664
TOTAL EXPENDITURES	43,753,722	393,835	44,147,557	51,493,968	(7,346,411)

**OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
Other Financing Sources/(Uses):					
Operating Transfers:					
Transfer to Special Revenue Fund	(157,524)		(157,524)	(157,524)	-
Total Other Financing Sources/(Uses):	<u>(157,524)</u>	-	<u>(157,524)</u>	<u>(157,524)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	307,084				
	(3,922,997)	(393,835)	(4,316,832)	(287,452)	4,029,380
Fund Balance July 1	15,623,150		15,623,150	15,623,150	-
Fund Balance June 30	<u>\$ 11,700,153</u>	<u>\$ (393,835)</u>	<u>\$ 11,306,318</u>	<u>\$ 15,335,698</u>	<u>\$ 4,029,380</u>

Recapitulation:

Restricted Fund Balance:

Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 959,733
Excess Surplus - Current Year	942,436
Capital Reserve	4,475,000
Maintenance Reserve	2,596,884
Tuition Reserve Year 2	1,900,000
Tuition Reserve Year 1	1,900,000
Emergency Reserve	424,832
Unemployment Claims	400,102
Assigned Fund Balance:	
Year-End Encumbrances	351,369
Designated for Subsequent Year's Expenditures	210,762
Unassigned Fund Balance	
General Fund	<u>1,174,580</u>
	<u>15,335,698</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last Two State Aid Payments not recognized on GAAP Basis

	<u>(404,576)</u>
	<u>\$ 14,931,122</u>

**OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources	\$ 457,524	\$ 368,869	\$ 826,393	\$ 762,557	\$ (63,836)
State Sources	795,303	361,150	1,156,453	573,094	(583,359)
Federal Sources	2,161,687	1,445,121	3,606,808	1,883,576	(1,723,232)
Total Revenues	<u>3,414,514</u>	<u>2,175,140</u>	<u>5,589,654</u>	<u>3,219,227</u>	<u>(2,370,427)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	604,932	187,390	792,322	555,651	236,671
Other Salaries for Instruction	509,941	(109,056)	400,885	398,867	2,018
Purchased Technical Services		27,115	27,115	27,115	-
Other Purchased Services (400-500 series)	6,467	360,702	367,169	279,495	87,674
General Supplies	453,976	172,516	626,492	182,095	444,397
Other Objects	10,000	10,000	10,000	-	10,000
Total Instruction	<u>1,585,316</u>	<u>638,667</u>	<u>2,223,983</u>	<u>1,443,223</u>	<u>780,760</u>
Support Services:					
Salaries of Other Professional Staff	4,800	19,241	24,041	24,041	-
Salaries of Master Teachers	1,225		1,225		1,225
Other Salaries	44,421	98,770	143,191	52,922	90,269
Personal Services - Employee Benefits	248,774	177,616	426,390	325,084	101,306
Purchased Professional Technical Services					
Transportation Costs	90,000	18,789	108,789	26,274	82,515
Travel	2,000		2,000		2,000
Cleaning, Repair and Maintenance	10,000		10,000	3,550	6,450
Other Purchased Services (400-500 series)	155,224	(46,022)	109,202	105,338	3,864
General Supplies	149,000	779,984	928,984	160,351	768,633
Scholarships Awarded	100,000	50,560	150,560	150,560	-
Student Activities	200,000	316,890	516,890	516,890	-
Total Support Services	<u>1,005,444</u>	<u>1,415,828</u>	<u>2,421,272</u>	<u>1,365,010</u>	<u>1,056,262</u>
Facilities Acquisition & Construction Services:					
Building	183,000	(3,031)	179,969	-	179,969
Instructional Equipment	372,920	128,681	501,601	490,452	11,149
Non-Instructional Equipment	267,834	(5,005)	262,829	11,190	251,639
Total Expenditures	<u>3,414,514</u>	<u>2,175,140</u>	<u>5,589,654</u>	<u>3,309,875</u>	<u>2,279,779</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ (90,648.00)	\$ (90,648.00)
Fund Balance, July 1				450,013	
Fund Balance, June 30				359,365	

**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, 2023**

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	\$ 51,364,040	\$ 3,219,227
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		194,692
Current Year		(281,347)
Unexpended Preschool Education Aid		(12,326)
The Final State Aid payment for the Year Ended June 30, 2022 that was delayed until July 2022 was recorded as budgetary revenue for the Year Ended June 30, 2022 but is not recognized under GAAP until the Year Ended June 30, 2023.	379,874	71,183
The Final State Aid payment for the Year Ended June 30, 2023 that was delayed until July 2023 was recorded as budgetary revenue for the Year Ended June 30, 2023 but is not recognized under GAAP until the Year Ended June 30, 2024.	(404,576)	(58,857)
	\$ 51,339,338	\$ 3,132,572
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	51,493,968	3,309,875
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		194,692
Current Year		(281,347)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	\$ 51,493,968	\$ 3,223,220

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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 Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0502030842%	0.0505364017%	0.0501885113%	0.0509699012%	0.0489180950%	0.0477540206%	0.0486659449%	0.0498289421%	0.0500779018%	0.0526741551%
District's proportionate of the net pension liability (asset)	\$ 7,576,337	\$ 5,986,794	\$ 8,184,434	\$ 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	\$ 3,703,694	\$ 3,624,801	\$ 3,723,615	\$ 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	204.56%	165.16%	219.80%	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	62.91%	70.33%	58.32%	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.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	633,085	591,840	549,037	495,787	486,577	449,645	434,893	428,403	396,889	402,251
Contributions in relation to the contractually required contribution	633,085	591,840	549,037	495,787	486,577	449,645	434,893	428,403	396,889	402,251
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	3,703,694	3,624,801	3,723,615	3,556,841	3,565,996	3,358,182	3,163,872	3,359,550	3,285,998	3,412,544
Contributions as a percentage of covered-employee payroll	17.09%	16.33%	14.74%	13.94%	13.64%	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.

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

	2022	2021	2020	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%	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	91,668,996	85,746,302	117,721,033	110,563,731	116,958,003	124,283,696	147,023,848	118,869,177	101,449,991	101,028,085
Total	\$ 91,668,996	\$ 85,746,302	\$ 117,721,033	\$ 110,563,731	\$ 116,958,003	\$ 124,283,696	147,023,848	118,869,177	101,449,991	101,028,085
District's covered payroll	20,294,106	20,185,181	19,686,835	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%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	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.

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 Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%	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	\$ 100,116,305	\$ 117,863,327	\$ 131,488,081	\$ 81,462,941	\$ 93,601,253	\$ 106,770,830	\$ 116,122,206
Total	\$ 100,116,305	\$ 117,863,327	\$ 131,488,081	\$ 81,462,941	\$ 93,601,253	\$ 106,770,830	\$ 116,122,206
District's covered payroll	\$ 23,987,800	\$ 23,809,982	\$ 23,410,450	\$ 23,064,699	\$ 22,871,798	\$ 22,399,806	\$ 22,072,701
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	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%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:							
Service Cost	4,203,170	4,693,891	2,623,652	2,517,060	2,840,142	3,427,171	
Interest Cost	2,653,193	3,057,499	2,904,520	3,673,271	3,881,200	3,373,453	
Change in Benefit Terms		(125,451)					
Differences between Expected & Actual	4,797,468	(19,036,686)	22,698,330	(17,116,720)	(6,733,346)	(13,770,025)	
Changes in Assumptions	(26,857,097)	116,281	24,018,354	1,214,619	(10,741,212)	91,064	
Member Contributions	84,310	78,165	69,383	74,127	86,503		
Benefit Payments	(2,628,066)	(2,408,453)	(2,289,099)	(2,500,669)	(2,502,864)	(2,473,039)	
Change in Total Opeb Liability	(17,747,022)	(13,824,754)	50,025,140	(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	117,863,327	131,488,081	81,462,941	93,601,253	106,770,830	116,122,206	
Ending Balance	100,116,305	117,863,327	131,488,081	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	417.19%	495.02%	561.66%	353.19%	407.46%	476.66%	

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

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

Other Supplementary Information

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

	Ocean City Education Foundation	Ocean City PTA	We Rock Initiative	Atlantcare Grant	Eagles Grant	MAC Grant	Steam Tank
REVENUES:							
Local Sources	\$ 1,408	\$ 13,520	\$ 1,589	\$ 1,062	\$ 3,000	\$ 742	\$ 224
State Sources							
Federal Sources							
Total Revenues	<u>1,408</u>	<u>13,520</u>	<u>1,589</u>	<u>1,062</u>	<u>3,000</u>	<u>742</u>	<u>224</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers				832			
Other Salaries for Instruction							
Purchased Technical Services		3,600		230		742	224
Other Purchased Services (400-500 series)		1,106					
General Supplies		4,706		1,062		742	224
Total Instruction	<u>-</u>	<u>4,706</u>	<u>-</u>	<u>1,062</u>	<u>-</u>	<u>742</u>	<u>224</u>
Support Services:							
Salaries of Other Professional Staff					1,813		
Other Salaries							
Personal Services - Employee Benefits							
Cleaning, Repair and Maintenance							
Other Purchased Services (400-500 series)	1,408	8,814			1,187		
Transportation Costs			1,589				
General Supplies							
Scholarships Awarded							
Student Activities							
Total Support Services	<u>1,408</u>	<u>8,814</u>	<u>1,589</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
Capital Outlay:							
Instructional Equipment							
Non-Instructional Equipment							
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,408</u>	<u>13,520</u>	<u>1,589</u>	<u>1,062</u>	<u>3,000</u>	<u>742</u>	<u>224</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1							
Fund Balance, June 30							
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023**

	WSSC School Health	Ocean City Library Grant	Title I	I.D.E.A. Part B	I.D.E.A. Preschool	ARP I.D.E.A. Part B	ARP I.D.E.A. Preschool
REVENUES:							
Local Sources	\$ 1,287	\$ 5,399					\$
State Sources			299,349	498,356	17,394	36,844	3,925
Federal Sources			299,349	498,356	17,394	36,844	3,925
Total Revenues	1,287	5,399	299,349	498,356	17,394	36,844	3,925
EXPENDITURES:							
Instruction:							
Salaries of Teachers			163,493			224	
Other Salaries for Instruction				268,738	16,158	11,246	
Purchased Technical Services	895			209,055			
Other Purchased Services (400-500 series)	392		56,836			11,083	1,519
General Supplies	1,287		220,329	477,793	16,158	22,553	1,519
Total Instruction	-	-	220,329	477,793	16,158	22,553	1,519
Support Services:							
Salaries of Other Professional Staff			736				
Other Salaries						860	
Personal Services - Employee Benefits					1,236		
Cleaning, Repair and Maintenance			75,061	20,563			
Other Purchased Services (400-500 series)							
Transportation Costs		5,399					
General Supplies			3,223			13,431	2,406
Scholarships Awarded							
Student Activities							
Total Support Services	-	5,399	79,020	20,563	1,236	14,291	2,406
Capital Outlay:							
Instructional Equipment							
Non-Instructional Equipment							
Total Capital Outlay	-	-	-	-	-	-	-
Total Expenditure	1,287	5,399	299,349	498,356	17,394	36,844	3,925
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-
Fund Balance, July 1							
Fund Balance, June 30							
\$	\$	\$	\$	\$	\$	\$	\$

OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

	Title IIA	Title III	CRRSA ESSER II	CRRSA Learning Acceleration	ARP ESSER	ARP Summer Learning	ARP Beyond School Day
\$	\$	\$	\$	\$	\$	\$	\$
REVENUES:							
Local Sources							
State Sources	16,162	14,207	392,895	44,219	366,521	29,757	6,542
Federal Sources	16,162	14,207	392,895	44,219	366,521	29,757	6,542
Total Revenues							
EXPENDITURES:							
Instruction:							
Salaries of Teachers				21,562		22,998	
Other Salaries for Instruction							
Purchased Technical Services				1,250	4,750		
Other Purchased Services (400-500 series)		9,966	79,266				
General Supplies		9,966	79,266		4,750		
Total Instruction				22,812	4,750	22,998	
Support Services:							
Salaries of Other Professional Staff							
Other Salaries				7,168		1,759	
Personal Services - Employee Benefits				2,198			
Cleaning, Repair and Maintenance							
Other Purchased Services (400-500 series)	9,862	3,775	45,215	12,041			6,542
Transportation Costs							
General Supplies	6,300	466	131,316			5,000	
Scholarships Awarded							
Student Activities							
Total Support Services		4,241	176,531	21,407		6,759	6,542
Capital Outlay:							
Instructional Equipment			128,681		361,771		
Non-Instructional Equipment			8,417				
Total Capital Outlay			137,098		361,771		
Total Expenditures	16,162	14,207	392,895	44,219	366,521	29,757	6,542
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							
\$	-	-	-	-	-	-	-
Fund Balance, July 1							
Fund Balance, June 30							
\$							

OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

	ARP Homeless	Title IV	ACERS Special Education	CRRSA Mental Health	Intermediate School Activities	High School School Activities	Preschool Education
REVENUES:							
Local Sources	\$	\$	\$	\$	\$	\$	\$
State Sources	7,782	26,575	80,743	42,305			157,524
Federal Sources	7,782	26,575	80,743	42,305	77,688	319,335	573,094
Total Revenues							
							730,618
EXPENDITURES:							
Instruction:							
Salaries of Teachers							347,374
Other Salaries for Instruction							101,893
Purchased Technical Services		26,575	63,141	540			1,554
Other Purchased Services (400-500 series)							15,981
General Supplies							466,802
Total Instruction		26,575	63,141	540	-	-	
Support Services:							
Salaries of Other Professional Staff				23,305			43,941
Other Salaries							209,447
Personal Services - Employee Benefits							3,550
Cleaning, Repair and Maintenance							2,485
Other Purchased Services (400-500 series)	7,782		17,602	4,500			1,620
Transportation Costs							
General Supplies							
Scholarships Awarded							
Student Activities					83,867	340,320	
Total Support Services	7,782	-	17,602	41,765	83,867	340,320	261,043
Capital Outlay:							
Instructional Equipment							2,773
Non-Instructional Equipment							2,773
Total Expenditures	7,782	26,575	80,743	42,305	83,867	340,320	730,618
Excess (Deficiency) of Revenues Over (Under)							
Expenditures and Other Financing Sources (Uses)					(6,179)	(20,985)	-
Fund Balance, July 1							
Fund Balance, June 30							
	\$	\$	\$	\$	\$	\$	\$
							239,543

OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

	Primary School Activities	Scholarship Funds	High School Red & White Account	Totals
REVENUES:				
Local Sources	\$ 6,355	\$ 89,187	\$ 84,237	\$ 762,557
State Sources				573,094
Federal Sources				1,883,576
Total Revenues	6,355	89,187	84,237	3,219,227
EXPENDITURES:				
Instruction:				
Salaries of Teachers				555,651
Other Salaries for Instruction				398,867
Purchased Technical Services				27,115
Other Purchased Services (400-500 series)				279,495
General Supplies				182,095
Total Instruction	-	-	-	1,443,223
Support Services:				
Salaries of Other Professional Staff				24,041
Other Salaries				52,922
Personal Services - Employee Benefits				325,084
Cleaning, Repair and Maintenance				3,550
Other Purchased Services (400-500 series)				105,338
Transportation Costs				26,274
General Supplies				160,351
Scholarships Awarded	3,306	150,560	89,397	150,560
Student Activities				516,890
Total Support Services	3,306	150,560	89,397	1,365,010
Capital Outlay:				
Instructional Equipment				490,452
Non-Instructional Equipment				11,190
Total Capital Outlay	-	-	-	501,642
Total Expenditures	3,306	150,560	89,397	3,309,875
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	3,049	(61,373)	(5,160)	(90,648)
Fund Balance, July 1	5,067	128,626	5,213	450,013
Fund Balance, June 30	\$ 8,116	\$ 67,253	\$ 53	\$ 359,365

**OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid
Budgetary Basis
For the Year Ended June 30, 2023**

	Total		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 369,100	\$ 347,374	\$ 21,726
Other Salaries for Instruction	102,648	101,893	755
Other Purchased Services (400-500 series)	6,467	1,554	4,913
General Supplies	35,000	15,981	19,019
Other Objects	10,000		10,000
Total Instruction	523,215	466,802	56,413
Support Services:			
Salaries of Master Teachers	1,225		1,225
Other Salaries	44,421	43,941	480
Personal Services - Employee Benefits	244,132	209,447	34,685
Cleaning, Repair and Maintenance	10,000	3,550	6,450
Contracted Transportation Costs	85,000	2,485	82,515
Travel	2,000		2,000
Miscellaneous Purchased Services	2,000		2,000
Supplies	15,000	1,620	13,380
Total Support Services	403,778	261,043	142,735
Facilities Acquisition and Construction Services			
Non-Instructional Equipment	25,834	2,773	23,061
Total Facilities Acquisition and Construction Ser.	25,834	2,773	23,061
Total Expenditures	\$ 952,827	\$ 730,618	\$ 222,209

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2022-23 Preschool Aid Allocation	\$ 630,096
Adjustments	
Add: Actual ECPA Carryover June 30, 2022	392,800
Add: Budgeted Transfer from the General Fund	157,524
Total Preschool Education Aid Funds Available for 2022-23 Budget	1,180,420
Less: 2022-23 Budgeted Preschool Education Aid	(952,827)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	227,593
Add: June 30, 2023 Unexpended Preschool Education Aid	222,209
2022-23 Actual Carryover - Preschool Education Aid	\$ 449,802
2022-23 Preschool Education Aid Carryover Budgeted for 2023-24	\$ 227,593

LONG-TERM DEBT SCHEDULES

OCEAN CITY SCHOOL DISTRICT
Schedule of General Serial Bonds
As of June 30, 2023

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2022	Decreased	Balance June 30, 2023
			Date	Amount				
Various Improvement and Renovations to Primary School	5/15/2014	2,497,000	5/15/2024	337,000	2.250%	\$ 652,000	\$ 315,000	\$ 337,000
						<u>\$ 652,000</u>	<u>\$ 315,000</u>	<u>\$ 337,000</u>

OCEAN CITY SCHOOL DISTRICT
Schedule of Obligations Under Lease Liability
As of June 30, 2023

Description	Amount of Original Issue	Balance July 1, 2022	Issued Current Year	Retired Current Year	Balance June 30, 2023
Other Financing Agreements					
Copier Lease	165,926	\$ 155,858	\$	28,383	\$ 127,475
Postage Machine	198,729	66,243		13,249	52,994
	\$	<u>222,101</u>	<u>\$</u>	<u>41,632</u>	<u>\$ 180,469</u>

OCEAN CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 329,670		\$ 329,670	\$ 329,670	\$ -
Total - Local Sources	329,670	-	329,670	329,670	-
Total Revenues	329,670	-	329,670	329,670	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	315,000		315,000	315,000	-
Interest on Bonds	14,670		14,670	14,670	-
Total Regular Debt Service	329,670	-	329,670	329,670	-
Total Expenditures	329,670	-	329,670	329,670	-
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	\$ -	\$ -	\$ -	\$ -	\$ -

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Statistical Section

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 25,325,131	\$ 30,286,131	\$ 29,965,203	\$ 29,508,699	\$ 30,527,203	\$ 32,011,980	\$ 33,165,003	\$ 31,030,741	\$ 32,229,729	\$ 31,312,275
Restricted	9,962,939	11,511,538	10,749,296	13,676,641	13,638,351	12,180,126	12,430,922	13,700,740	13,914,687	13,578,047
Unrestricted	1,707,816	(10,731,619)	(10,961,009)	(10,244,404)	(10,008,030)	(10,418,148)	(10,396,046)	(11,309,464)	(9,657,806)	(8,656,801)
Total governmental activities net position	<u>36,995,886</u>	<u>31,066,050</u>	<u>29,753,490</u>	<u>32,940,936</u>	<u>34,157,524</u>	<u>33,773,958</u>	<u>35,199,879</u>	<u>33,422,017</u>	<u>36,486,610</u>	<u>36,233,521</u>
Business-type activities										
Net investment in capital assets	75,268	76,004	73,471	66,247	51,335	36,424	21,510	6,510	43,901	37,108
Restricted	(90,990)	24,756	24,651	40,214	(44,848)	(34,571)	(18,015)	(3,526)	123,940	26,796
Total business-type activities net position	<u>(15,722)</u>	<u>100,760</u>	<u>98,122</u>	<u>106,461</u>	<u>6,487</u>	<u>1,853</u>	<u>3,495</u>	<u>2,984</u>	<u>167,841</u>	<u>63,904</u>
District-wide										
Net investment in capital assets	25,400,399	30,362,135	30,038,674	29,574,946	30,578,538	32,048,404	33,186,513	31,037,251	32,273,630	31,349,383
Restricted	9,962,939	11,511,538	10,749,296	13,676,641	13,638,351	12,180,126	12,430,922	13,700,740	13,914,687	13,578,047
Unrestricted	1,616,826	(10,706,863)	(10,936,358)	(10,204,190)	(10,052,878)	(10,452,719)	(10,414,061)	(11,312,990)	(9,533,866)	(8,630,005)
Total district net position	<u>\$ 36,980,164</u>	<u>\$ 31,166,810</u>	<u>\$ 29,851,612</u>	<u>\$ 33,047,397</u>	<u>\$ 34,164,011</u>	<u>\$ 33,775,811</u>	<u>\$ 35,203,374</u>	<u>\$ 33,425,001</u>	<u>\$ 36,654,451</u>	<u>\$ 36,297,425</u>

Source: ACFR Schedule A-1

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

Exhibit J-2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Instruction:										
Regular:	\$ 18,890,343	\$ 22,589,476	\$ 24,471,530	\$ 27,896,281	\$ 27,854,480	\$ 24,766,065	\$ 24,287,368	\$ 26,249,944	\$ 22,845,689	\$ 23,942,428
Special education	4,699,907	5,696,127	5,830,676	5,679,421	6,367,863	6,180,546	6,348,878	6,870,487	6,010,056	6,246,147
Other special education	1,926,487	2,448,933	2,688,661	3,166,396	3,164,497	2,785,276	2,574,867	2,491,045	2,247,110	2,407,839
Support Services:										
Tuition	329,485	275,748	329,177	391,950	246,014	393,566	382,526	239,258	343,261	220,671
Student & instruction related services	4,726,324	5,159,198	5,674,487	6,039,999	6,801,685	6,212,947	6,551,418	7,811,429	8,073,852	9,253,039
School administrative services	1,782,691	1,879,058	1,770,714	1,894,831	2,015,126	1,917,279	1,902,113	2,254,335	2,166,396	2,159,301
General Administration and Business Services	1,914,406	1,805,596	1,917,200	1,868,475	1,915,194	2,106,104	1,964,974	2,218,992	2,406,521	2,040,493
Plant operations and maintenance	5,049,216	4,838,006	10,305,036	6,484,717	6,994,299	7,767,795	6,124,273	11,790,830	6,718,829	6,847,654
Pupil transportation	1,209,151	896,924	904,599	994,939	1,278,994	1,080,053	974,617	886,400	1,057,893	1,354,201
Special schools	-	-	-	-	-	-	-	-	-	-
Charter Schools	3,716	9,904	29,937	18,909	31,025	30,300	42,726	18,584	58,229	51,474
Interest on long-term debt	971,712	772,318	1,863,992	230,574	115,067	11,712	(114,537)	(235,024)	(180,845)	165,006
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	41,503,438	46,371,288	55,786,009	54,666,492	56,784,244	53,251,643	51,049,223	60,596,280	51,746,991	54,688,253
Business-type activities:										
Food service	618,209	642,339	668,641	684,952	715,381	709,751	652,456	652,456	845,967	776,971
Total business-type activities expenses	618,209	642,339	668,641	684,952	715,381	709,751	652,456	652,456	845,967	776,971
Total district expenses	42,121,647	47,013,627	56,454,650	55,351,444	57,499,625	53,961,394	51,701,679	61,253,037	52,592,958	55,465,224
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	10,959,443	10,458,451	12,844,272	13,142,556	11,686,989	11,286,716	11,443,060	11,172,968	11,004,519	11,391,807
Operating grants and contributions	4,388,293	5,571,884	7,242,136	10,574,091	10,892,792	6,770,739	3,879,021	8,813,291	2,536,361	13,468,638
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	15,347,736	16,030,335	20,086,408	23,716,677	22,591,781	18,057,455	15,322,081	19,986,259	13,540,880	24,860,445
Business-type activities:										
Charges for services:										
Food service	365,440	375,574	333,789	348,753	344,878	362,142	240,540	45,729	138,258	413,216
Operating grants and contributions	228,236	243,342	244,501	235,699	218,497	215,701	209,278	382,335	826,326	253,494
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	593,676	618,916	578,290	584,452	563,375	577,843	449,818	428,064	964,584	666,710
Total district program revenue	15,941,412	16,649,251	20,664,698	24,301,129	23,155,156	18,635,298	15,771,899	20,414,323	14,505,464	25,527,155
Net (Expense)/Revenue										
Governmental activities	(26,155,702)	(30,340,953)	(35,699,601)	(30,949,815)	(34,192,463)	(35,194,188)	(35,727,142)	(40,610,021)	(38,206,111)	(29,827,808)
Business-type activities	(24,533)	(23,423)	(90,351)	(100,500)	(152,006)	(131,908)	(202,638)	(228,683)	118,617	(110,261)
Total district-wide net expense	(26,180,235)	(30,364,376)	(35,789,952)	(31,050,315)	(34,344,469)	(35,326,096)	(35,929,780)	(40,838,714)	(38,087,494)	(29,938,069)

Exhibit J-2

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 21,640,721	\$ 21,965,332	\$ 21,965,332	\$ 22,080,211	\$ 22,382,710	\$ 22,612,380	\$ 22,734,817	\$ 23,189,513	\$ 23,653,303	\$ 24,126,369
Taxes levied for debt service	2,640,851	2,716,545	2,591,509	2,708,516	2,752,945	2,641,073	2,804,505	2,427,820	2,311,020	329,670
Unrestricted grants and contributions	3,312,246	9,129,118	9,536,554	9,101,521	9,449,955	9,392,318	11,715,743	12,524,078	15,090,821	4,702,453
Investment earnings	12,895	8,489	3,807	3,003	3,000	3,000	3,000	3,000	500	500
Restricted revenue	718,090	386,821	364,839	344,010	370,442	281,850	243,742	148,812	6,435	416,227
Miscellaneous income	(3,275)	-	-	-	-	(120,000)	(348,743)	(220,000)	-	-
Loss on Disposal of Capital Assets	-	(125,000)	(75,000)	(100,000)	(50,000)	(120,000)	(348,743)	(220,000)	-	-
Transfers	28,321,528	34,081,305	34,387,041	34,137,261	35,409,052	34,810,621	37,153,064	38,073,223	41,127,704	29,574,719
Total governmental activities	465	522	804	1,151	2,032	7,273	19,280	8,182	2,549	6,324
Business-type activities:										
Investment earnings	-	125,000	75,000	100,000	50,000	120,000	185,000	220,000	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Capital Assets Adjustment	465	125,622	87,713	108,830	59,032	127,273	204,280	228,182	43,691	6,324
Total business-type activities	465	125,622	87,713	108,830	59,032	127,273	204,280	228,182	43,691	6,324
Total district-wide	28,321,993	34,206,927	34,474,754	34,246,100	35,461,084	34,937,894	37,357,344	38,301,405	41,171,394	29,581,043
Changes in Net Position	2,165,826	3,740,352	(1,312,560)	3,187,446	1,216,589	(383,567)	1,425,922	(2,636,798)	3,064,593	(263,089)
Governmental activities	(24,068)	102,099	(2,638)	8,339	(99,974)	(4,635)	1,643	(511)	164,857	(103,937)
Business-type activities	2,141,758	3,842,451	(1,315,198)	3,195,785	1,116,615	(388,202)	1,427,565	(2,637,309)	3,229,450	(357,026)
Total district	2,141,758	3,842,451	(1,315,198)	3,195,785	1,116,615	(388,202)	1,427,565	(2,637,309)	3,229,450	(357,026)

Source: ACFR Schedule A-2

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 2,668,937	\$ 2,879,983	\$ 3,651,712	\$ 4,095,915	\$ 2,872,885	\$ 1,791,842	\$ 1,837,759	\$ 1,856,917	\$ 1,841,146	\$ 1,902,169
Committed	4,492,672	4,980,502	6,633,502	9,571,502	10,738,234	10,466,234	10,644,234	11,456,593	11,623,528	11,696,818
Assigned	2,103,548	95,002	203,125	346,587	703,768	95,501	82,350	304,858	307,042	562,131
Unassigned	458,858	477,009	476,685	504,573	580,027	658,336	646,947	1,737,665	1,471,550	770,004
Total general fund	9,724,015	8,432,496	10,965,024	14,518,577	14,894,714	13,011,913	13,211,290	15,356,033	15,243,266	14,931,122
All Other Governmental Funds										
Restricted:										
Capital Projects Fund	3,480,161	(659,792)	541,895	-				387,230	450,013	359,365
Special revenue fund	333,680	29,835	31,095	131,642						
Debt Service Fund										
Total all other governmental funds	\$ 3,813,841	\$ (629,957)	\$ 572,990	\$ 131,642	\$ -	\$ -	\$ -	\$ 387,230	\$ 450,013	\$ 359,365

Source: ACFR Schedule B-1

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	24,281,572	24,681,877	24,556,841	24,788,727	25,133,655	25,253,453	25,539,322	25,617,333	25,964,323	24,456,039
Tuition charges	10,959,443	10,458,451	12,642,622	13,344,236	11,696,989	11,286,716	11,443,060	11,172,968	11,004,519	11,391,807
Interest earnings	12,895	8,489	3,807	3,003	3,000	3,000	3,000	3,000	500	500
Restricted revenue									6,435	-
Miscellaneous	773,196	456,380	397,395	423,151	427,788	419,536	480,701	576,977	785,048	1,042,338
Slate sources	6,794,166	9,103,271	9,527,934	9,103,175	9,832,520	11,041,953	11,526,964	13,116,422	15,667,835	15,937,723
Federal sources	851,267	1,085,993	970,913	946,449	865,983	944,267	931,799	996,344	1,476,587	1,815,650
Total revenue	43,672,539	45,794,461	48,099,512	48,608,741	48,063,935	48,948,925	49,924,846	51,483,044	54,905,247	54,644,057
Expenditures										
Instruction:										
Regular instruction	14,084,865	14,033,484	14,073,893	14,025,129	14,423,227	14,568,061	14,651,927	14,270,607	15,278,910	15,404,455
Special education instruction	3,521,092	3,538,661	3,353,297	3,297,041	3,300,708	3,635,562	3,830,110	3,735,098	4,019,450	4,018,744
Other special education instruction	1,443,292	1,521,375	1,546,263	1,591,937	1,638,687	1,638,373	1,553,349	1,354,240	1,502,839	1,549,193
Support Services:										
Tuition	254,820	275,748	329,177	391,950	246,014	393,566	392,526	239,258	343,261	220,671
Student & instruction related services	3,540,884	3,753,069	3,859,313	3,970,868	4,221,073	4,168,414	4,355,393	4,764,893	5,231,712	6,281,425
General administrative services	816,184	721,212	713,854	689,299	781,971	805,128	709,429	849,157	942,225	865,158
School administrative services	1,335,563	1,366,924	1,204,293	1,231,716	1,250,737	1,286,348	1,264,528	1,382,921	1,403,787	1,465,841
Business administrative/central services	571,873	592,272	590,067	525,285	544,842	605,182	596,889	504,407	617,146	520,031
Plant operations and maintenance	3,718,281	3,694,793	4,039,104	3,968,071	4,051,877	4,707,207	4,236,018	4,358,453	4,533,829	5,087,170
Pupil transportation	905,876	896,924	904,599	984,939	1,056,835	1,084,115	974,617	886,400	1,057,893	1,354,201
Unallocated employee benefits	8,846,788	9,407,182	10,109,116	11,089,634	12,323,420	13,559,855	13,525,570	14,679,473	16,818,208	17,280,461
Charter schools	3,716	9,904	29,937	18,909	31,025	30,300	42,726	18,584	58,229	51,474
Capital outlay	1,892,953	4,443,842	5,068,559	851,891	1,014,437	1,537,867	489,814	405,926	299,016	467,899
Debt service:										
Principal	1,805,000	1,895,000	2,210,000	2,170,000	2,255,000	2,350,000	2,484,000	2,210,000	2,195,000	315,000
Interest and other charges	836,063	797,280	714,655	568,351	499,205	421,455	320,505	217,820	266,486	165,136
Total Expenditures	43,577,250	46,947,670	48,746,147	45,385,020	47,639,058	50,791,433	49,427,401	49,877,237	54,567,991	55,046,859
Excess (Deficiency) of revenues over (under) expenditures	95,289	(1,153,209)	(646,635)	3,223,721	424,877	(1,842,508)	497,445	1,605,807	337,256	(402,802)
Other Financing Sources (Uses)										
Transfer in	1,435,096	661,081	400,807	530,382	-	-	-	101,336	103,048	157,524
Transfer out	(1,435,096)	(786,081)	(475,807)	(630,382)	(50,000)	(120,000)	(348,743)	(321,336)	(103,048)	(157,524)
Bond Proceeds	2,497,422	(125,000)	(75,000)	(100,000)	(50,000)	(120,000)	(348,743)	(220,000)	-	-
Total other financing sources (uses)										
Net change in fund balances	2,592,711	(1,278,209)	(721,635)	3,123,721	374,877	(1,962,508)	148,702	1,385,807	337,256	(402,802)
Debt service as a percentage of noncapital expenditures	6.34%	6.33%	6.70%	6.15%	5.91%	5.63%	5.73%	4.91%	4.54%	0.88%

Source: ACFR Schedule B-2

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

Exhibit J-5

Fiscal Year Ended June 30,	Interest on Investments	Tuition Adjustments	Refunds/ Rebates	ERATE	Miscellaneous	Totals
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	36,247			243,742	246,742
2021	83,844		21,456	8,359	1,906	151,812
2022	39,074				176,486	215,560
2023	500				415,727	416,227

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
2014	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
2015	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
2016	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
2017	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
2018	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
2019	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
2020	137,565,900	11,134,348,800	512,008,800	733,300	41,110,000	11,825,766,800			11,825,766,800	0.216	11,965,766,265
2021	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	13,207,646,635
2022	133,556,000	11,444,920,600	503,059,100	733,300	40,324,100	12,122,593,100			12,122,593,100	0.215	13,926,049,440
2023	167,324,600	11,584,927,900	510,707,000	733,300	33,851,500	12,297,544,300			12,297,544,300	0.199	15,482,298,142

Source: County Abstract of Ratables & Municipal Tax Assessor

Exhibit J-7

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	Municipal Library	Municipal Local Purpose	
2014	0.192	0.023	0.215	0.196	0.010	0.035	0.386	0.842
2015	0.197	0.024	0.221	0.214	0.011	0.035	0.401	0.882
2016	0.195	0.023	0.218	0.222	0.011	0.034	0.410	0.895
2017	0.194	0.023	0.217	0.225	0.011	0.034	0.420	0.907
2018	0.195	0.023	0.218	0.230	0.011	0.035	0.449	0.943
2019	0.213	0.024	0.237	0.237	0.011	0.035	0.459	0.979
2020	0.194	0.022	0.216	0.244	0.011	0.036	0.460	0.967
2021	0.191	0.024	0.215	0.253	0.012	0.037	0.461	0.978
2022	0.196	0.019	0.215	0.268	0.012	0.038	0.472	1.005
2023	0.196	0.003	0.199	0.296	0.013	0.042	0.479	1.029

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	2023				2014			
	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		\$ 15,766,600	2	0.14%		
Berman H & 1200 Boardwalk Shop	11,806,100	2	0.10%	11,806,100	4	0.11%		
Port-O-Call Associates	10,457,700	3	0.09%	11,800,000	5	0.11%		
Magton, Inc.	9,856,900	4	0.08%	18,033,900	1	0.16%		
OC Boardwalk Holdings, LLC	8,933,700	5	0.07%					
Individual Taxpayer #1	7,465,000	6	0.06%					
Individual Taxpayer #2	7,452,100	7	0.06%					
Raab Family, LLC	7,300,000	8	0.06%	15,757,300	3	0.14%		
YFP Ocean City, LLC	6,800,000	9	0.06%					
Individual Taxpayer #3	6,368,000	10	0.05%					
600 Boardwalk LLC				10,345,200	6	0.09%		
Individual Taxpayer #3				9,728,400	7	0.09%		
Gillian Brothers, Inc.				9,634,100	8	0.09%		
Holloway, et. al.				9,567,200	9	0.09%		
JWR Properties, LLC				8,854,300	10	0.08%		
Totals	\$ 89,152,300		0.63%	\$ 121,293,100		1.08%		
			District Assessed Value				\$ 11,181,508,929	

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2021	25,617,333	25,617,333	100%	-
2022	25,964,323	25,964,323	100%	-
2023	24,456,039	24,456,039	100%	-

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

Exhibit J-10

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	Debt Per Capita *
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2014	\$ 19,586,000			\$ 19,586,000	3.59%	1,715
2015	17,691,000			17,691,000	3.20%	1,561
2016	14,316,000			14,316,000	2.49%	1,268
2017	12,146,000			12,146,000	2.04%	1,080
2018	9,891,000			9,891,000	1.62%	886
2019	7,541,000			7,541,000	1.19%	684
2020	5,057,000			5,057,000	0.76%	461
2021	2,847,000			2,847,000	0.41%	261
2022	652,000	222,101		874,101	0.12%	78
2023	337,000	180,469		517,469	0.07%	46

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

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

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

Exhibit J-11

Fiscal Year Ended June 30,	Governmental Activities		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	* Per Capita Personal Income
	General Obligation Bonds	Deductions			
2014	19,586,000	-	19,586,000	0.17%	47,771
2015	17,691,000	-	17,691,000	0.16%	48,724
2016	14,316,000	-	14,316,000	0.13%	50,841
2017	12,146,000	-	12,146,000	0.11%	52,901
2018	9,891,000	-	9,891,000	0.09%	54,772
2019	7,541,000	-	7,541,000	0.06%	57,477
2020	5,057,000	-	5,057,000	0.04%	60,246
2021	2,847,000	-	2,847,000	0.02%	63,203
2022	652,000	-	652,000	0.01%	67,836
2023	337,000	-	337,000	0.00%	72,010

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, 2022 for overlapping debt**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
City of Ocean City	\$ 189,096,154	100.00%	\$ 189,096,154
Other Debt			
County of Cape May	337,931,851	24.02%	81,169,016
			<hr/>
Subtotal, Overlapping Debt			270,265,170
City of Ocean City School District Direct Debt			<hr/> 337,000
Total Direct and Overlapping Debt			<hr/> \$ 270,602,170 <hr/>

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

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

Exhibit J-13

Equalized valuation basis	
2022	\$ 15,482,298,142
2021	13,926,049,440
2020	13,207,646,635
	<u>\$ 42,615,994,217</u>

Average equalized valuation of taxable property \$ 14,205,331,406

Debt limit (4% of average)	568,213,256
Net bonded school debt	337,000
Legal debt margin	<u>\$ 567,876,256</u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 481,306,487	\$ 461,272,824	\$ 461,213,038	\$ 468,118,385	\$ 477,103,736	\$ 488,603,888	\$ 503,267,665	\$ 521,950,303	\$ 558,485,542	\$ 568,213,256
Total net debt applicable to limit	19,586,000	17,691,000	14,316,000	12,146,000	9,891,000	7,541,000	5,057,000	2,847,000	652,000	337,000
Legal debt margin	\$ 461,720,487	\$ 443,581,824	\$ 446,897,038	\$ 455,972,385	\$ 467,212,736	\$ 481,062,888	\$ 498,210,665	\$ 519,103,303	\$ 557,833,542	\$ 567,876,256

Total net debt applicable to the limit
 as a percentage of debt limit

	4.07%	3.84%	3.10%	2.59%	2.07%	1.54%	1.00%	0.55%	0.12%	0.06%
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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>
2014	11,421	545,592,591	47,771	11.1%
2015	11,334	552,237,816	48,724	11.1%
2016	11,286	573,791,526	50,841	7.1%
2017	11,251	595,189,151	52,901	6.6%
2018	11,158	611,145,976	54,772	5.6%
2019	11,029	633,913,833	57,477	4.7%
2020	10,981	661,561,326	60,246	4.2%
2021	10,902	689,039,106	63,203	10.5%
2022	11,190	759,084,840	67,836	5.9%
2023	11,303	813,929,030	72,010	4.0%

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	2023			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ocean City Board of Education						
City of Ocean City						
Methodist Homes for the Aged						
Super Fresh Market						
Port-O-Call Hotel						
Perry-Egan Chevrolet						
Acme Markets						
Ford Scott & Associates						
McDonald's Restaurant						
Totals	-		0.00%	-		100.00%

Information not available

Information not available

Source: District Records (2023) and City of Ocean City (2023)

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

Exhibit J-16

<u>Function/Program</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:	138.0	138.0	153.0	152.4	151.4	151.0	141.0	144.0	144.0	148.0
Regular instruction	45.3	45.3	45.3	45.7	43.6	46.0	44.0	44.0	42.7	44.0
Other instruction										
Support Services:	49.4	49.4	34.4	36.0	42.6	42.6	55.0	53.0	57.0	52.0
Student & instruction related services	3.0	3.0	3.0	5.0	5.0	5.0	5.0	6.0	6.0	3.0
General administrative services	17.0	17.0	16.0	14.0	14.0	14.0	14.0	12.0	12.0	14.0
School administrative services	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0
Business administrative services	35.0	35.0	35.0	35.0	35.0	37.0	37.0	37.0	37.0	37.0
Plant operations and maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pupil transportation										
Food Service										
Total	295.7	295.7	294.7	296.1	299.6	302.6	303.0	303.0	305.7	305.0

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				
2014	2,095.0	39,043,234	18,636	-2.86%	183.0	10.9:1	10.8:1	11.8:1	2,092	1,979	1.31%	94.60%
2015	2,151.0	39,811,548	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	43,870,416	20,596	4.92%	182.0	10.9:1	10.9:1	12.7:1	2,126	2,008	-0.09%	94.45%
2019	2,099.0	46,482,111	22,145	7.52%	180.0	10.9:1	10.9:1	12.7:1	2,163	2,069	1.74%	95.19%
2020	2,107.0	46,133,082	21,895	-1.13%	181.0	11.0:1	11.0:1	12.0:1	2,111	2,039	-2.40%	96.59%
2021	2,045.0	47,043,491	23,004	5.07%	182.0	10.0:1	11.0:1	12.0:1	2,045	1,978	-3.13%	96.72%
2022	1,930.0	51,807,489	26,843	16.69%	183.0	10.0:1	11.0:1	12.0:1	1,930	1,805	-5.62%	93.52%
2023	1,860.0	54,098,824	29,085	8.35%	189.0	8.0:1	9.0:1	12.0:1	1,860	1,757	-3.63%	94.46%

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

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

Exhibit J-18

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Buildings</u>										
<u>Elementary</u>										
Ocean City Primary School	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031
Square Feet	461	461	461	461	461	461	461	461	461	461
Capacity (students)	394	394	441	361	347	321	321	307	296	299
Enrollment										
<u>Middle School</u>										
Ocean City Intermediate School	102,448	102,448	102,448	102,448	102,448	102,448	102,448	102,448	102,448	102,448
Square Feet	707	707	707	707	707	707	707	707	707	707
Capacity (students)	485	485	451	533	529	537	537	470	416	351
Enrollment										
<u>High School</u>										
Ocean City High School	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770
Square Feet	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338
Capacity (students)	1,216	1,216	1,252	1,235	1,254	1,241	1,241	1,268	1,218	1,211
Enrollment										

Number of Schools at June 30, 2023
 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)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ocean City Primary School	N/A	83,779	54,439	84,915	75,163	107,239	324,566	126,439	78,854	113,322	122,934
Ocean City Intermediate School	N/A	247,406	226,432	211,416	193,022	242,359	303,474	312,343	222,639	301,022	204,196
Ocean City High School	N/A	381,647	466,045	416,587	320,135	388,325	511,208	482,361	351,229	487,311	816,968
Total School Facilities		712,832	746,916	712,918	588,320	737,923	1,139,248	921,143	652,722	901,655	1,144,097
Other Facilities											
Grand Total		712,832	746,916	712,918	588,320	737,923	1,139,248	921,143	652,722	901,655	1,144,097

Source: District Records

**Ocean City School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

Exhibit J-20

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

Source: District Records

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Single Audit Section



FORD - SCOTT

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K-1

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS 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, in accordance with the 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the 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, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Ocean City School District's basic financial statements, and have issued our report thereon dated January 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City of Ocean City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ocean City School District's financial statements are free from 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 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 as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

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

January 29, 2024



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& ASSOCIATES, L.L.C.

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K-2

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND 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 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

Opinion on Each Major Federal & State Program

We have audited the City of Ocean City School District'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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal & State Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Ocean City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its Federal and State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Ocean City School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and NJ OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Ocean City School District's compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Ocean City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Ocean City School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of City of Ocean City School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

Report on 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 or state 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 Auditor's Responsibilities for the Audit of Compliance 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.
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Leon P. Costello

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Certified Public Accountant
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January 29, 2024

CITY OF OCEAN CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Financial Assistance
for the Fiscal Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Asst. Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2022		Carryover	Cash Received	Budgetary Expenditures		Balance at June 30, 2023	
					Accounts Receivable	Unearned Revenue			Pass Through	Total	(Accounts Receivable)	Due to Grantor
U. S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
Food Distribution Program	10.555	20231N1304N1099	7/1/22 - 6/30/23	\$ 44,888	\$ -	\$ -	\$ 44,888	\$ (44,888)	\$ -	\$ -	\$ -	\$ -
School Breakfast Program	10.553	20231N1304N1099	7/1/22 - 6/30/23	24,322	-	-	19,959	(24,322)	(4,363)	-	-	-
School Breakfast Program	10.553	20221N1304N1099	7/1/21 - 6/30/22	44,065	(6,072)	-	6,072	-	-	-	-	-
National School Lunch Program	10.555	20231N1304N1099	7/1/21 - 6/30/22	177,024	(40,520)	-	145,984	(177,024)	(31,040)	-	-	-
National School Lunch Program	10.555	20221N1304N1099	7/1/21 - 6/30/22	291,237	(43,272)	-	40,520	-	-	-	-	-
COVID-19 - Supply Chain Assistance	10.555	20221N1304N1099	7/1/21 - 6/30/22	43,272	(89,864)	-	43,272	-	-	-	-	-
Total Child Nutrition Cluster				300,695	(89,864)	-	300,695	(246,234)	(35,403)	-	-	-
Total Enterprise Fund				300,695	(89,864)	-	300,695	(246,234)	(35,403)	-	-	-
U.S. Department of Health and Human Services												
Passed-through State Department of Health												
and Human Services												
Medical Assistance-ARRA	93.778	N/A	7/1/22 - 6/30/23	3,533	-	-	3,533	(3,533)	-	-	-	-
Medical Assistance	93.778	N/A	7/1/22 - 6/30/23	36,773	(12,173)	-	36,773	(36,773)	-	-	-	-
Medical Assistance	93.778	N/A	7/1/21 - 6/30/22	30,367	(12,173)	-	12,173	-	-	-	-	-
Total General Fund				52,479	(12,173)	-	52,479	(40,306)	-	-	-	-
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
Title I, Part A	84.010A	S010A210030	7/1/21 - 9/30/22	260,244	(116,606)	-	116,606	-	-	-	-	-
Title I, Part A	84.010A	S010A220030	7/1/22 - 6/30/23	300,583	(116,606)	-	151,863	(299,349)	(147,486)	-	-	-
Total Title I				560,827	(233,212)	-	268,469	(299,349)	(147,486)	-	-	-
Title II	84.367A	S367A220029	7/1/22 - 6/30/23	16,162	(8,120)	-	16,162	(16,162)	-	-	-	-
Title II	84.367A	S367A210029	7/1/21 - 9/30/22	37,102	(8,120)	-	24,282	(16,162)	-	-	-	-
Title III	84.365A	S365A210030	7/1/21 - 6/30/22	15,790	(3,392)	-	3,392	-	-	-	-	-
Title III - Immigrant	84.365A	S365A210030	7/1/21 - 6/30/22	1,470	(156)	-	156	-	-	-	-	-
Title III	84.365A	S365A220030	7/1/22 - 6/30/23	14,207	(3,548)	-	8,072	(14,207)	(6,135)	-	-	-
Total III				29,667	(3,548)	-	11,620	(14,207)	(6,135)	-	-	-
Title IV	84.424A	S424A210031	7/1/21 - 9/30/22	26,575	-	-	26,575	(26,575)	-	-	-	-
Total Title IV				26,575	-	-	26,575	(26,575)	-	-	-	-
ID.E.A. Part B - Basic	84.027A	H027A220100	7/1/22 - 6/30/23	525,816	(53,415)	-	414,859	(498,356)	(83,497)	-	-	-
ID.E.A. Part B - Basic	84.027A	H027A200100	7/1/21 - 6/30/22	559,080	(10,860)	-	53,415	-	-	-	-	-
ARP - IDEA Basic	84.027X	H027A210100	7/1/21 - 9/30/22	94,169	(5,567)	-	47,704	(36,844)	-	-	-	-
ID.E.A. Part B - Preschool	84.173A	H173A210114	7/1/21 - 9/30/22	16,529	(179,789)	-	5,567	(17,394)	(10,860)	-	-	-
ID.E.A. Part B - Preschool	84.173A	H173A200114	7/1/22 - 6/30/23	17,394	(1,531)	-	6,534	(17,394)	(10,860)	-	-	-
ARP - IDEA Preschool	84.173X	H173A210114	7/1/21 - 9/30/23	8,029	(71,373)	-	528,079	(3,925)	(5,456)	-	-	-
Total Special Education Cluster				1,187,707	(179,789)	-	1,016,775	(556,519)	(99,813)	-	-	-
CARES - Emergency Relief	84.425D	S425D200027	3/1/20 - 9/30/22	222,799	(1,364)	-	1,364	-	-	-	-	-
CRRSA - ESSER II	84.425D	S425D210027	3/1/20 - 9/30/23	828,470	(75,002)	-	325,392	(392,895)	(142,505)	-	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	3/1/20 - 9/30/23	53,167	(388)	-	40,494	(44,219)	(4,113)	-	-	-
CRRSA - Mental Health	84.425D	S425D210027	3/1/20 - 9/30/23	45,000	(179,789)	-	357,026	(42,305)	(42,305)	-	-	-
ARP - ESSER	84.425U	S425U210027	3/1/20 - 9/30/24	1,861,932	(179,789)	-	29,757	(366,521)	(189,284)	-	-	-
ARP - Accelerated Learning	84.425U	S425U210027	3/1/20 - 9/30/24	126,000	(40,000)	-	6,542	(29,757)	(6,542)	-	-	-
ARP - Beyond the School Day	84.425U	S425U210027	3/1/20 - 9/30/24	40,000	(40,000)	-	6,542	(6,542)	-	-	-	-
ARP - Homeless	84.425W	S425W210027	3/1/20 - 9/30/24	7,782	-	-	7,782	(7,782)	-	-	-	-
Total ESSER Cluster				2,068,793	(256,543)	-	768,357	(890,021)	(378,207)	-	-	-
ACRSERS - Special Education	21.019	S425D200027	7/1/21 - 6/30/22	90,615	(45,872)	-	88,177	(80,743)	(38,438)	-	-	-
Total Special Revenue Fund				2,159,408	(502,062)	-	1,715,559	(1,883,576)	(670,079)	-	-	-
Total Federal Financial Assistance				2,068,793	(604,099)	-	2,068,793	(2,170,116)	(705,482)	-	-	-

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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2023**

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 (\$24,702) for the general fund and (\$86,655) 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	\$ 40,306	15,389,331	(9,183,884)	6,245,753
Special Revenue Fund	1,883,576	730,618		2,614,194
Food Service Fund	246,234	7,260		253,494
Total Financial Assistance	\$ 2,170,116	16,127,209	(9,183,884)	9,113,441

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 FINANCIAL ASSISTANCE
JUNE 30, 2023
(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, 2023. 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, 2023.

**OCEAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2023**

Exhibit K-6

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act</u>	
84.425D	CRRSA - ESSER II
84.425D	CRRSA - Learning Acceleration
84.425D	CRRSA - Mental Health
84.425U	ARP- ESSER
84.425U	ARP- Accelerated Learning
84.425U	ARP – Beyond School Day
84.425W	ARP - Homeless

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, 2023
(CONTINUED)**

Exhibit K-6

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
Internal Control over major programs:	
1) Material weaknesses identified?	No
2) Significant deficiencies identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08?	No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	<u>State Aid Public Cluster</u>
23-495-034-5120-089	Special Education Aid
23-495-034-5120-068	School Choice Aid
23-495-034-5120-084	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.

None

OCEAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2023
(CONTINUED)

Exhibit K-6

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.

OCEAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2023
(CONTINUED)

Exhibit K-7

STATUS OF PRIOR YEAR FINDINGS

Federal:

No matters were reported.

State:

No matters were reports.

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