

Annual Comprehensive Financial Report

of the

City of Ocean City School District

Ocean City, New Jersey

For the Year Ended June 30, 2025

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Introductory Section

OCEAN CITY BOARD OF EDUCATION

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www.ocsdnj.org

November 28, 2025

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, 2025, 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.ocsdnj.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 2024-2025 fiscal year with an average daily enrollment of 1,703 students, which is 5 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

<u>Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2024-25	1,703	-0.29%
2023-24	1,708	-8.17%
2022-23	1,860	-3.63%
2021-22	1,930	-5.62%
2020-21	2,045	-2.94%

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 is conducting a demographic study of the student population to project future enrollment trends. The study will be used to make strategic decisions as the district moves forward and navigates a period of declining student population.

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 to participate in the PreK program through the State of NJ's preschool expansion program. There are currently 5 full preschool classrooms operating through this state initiative.

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 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, 2025.

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, 2025, the District had no outstanding debt obligations.

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.

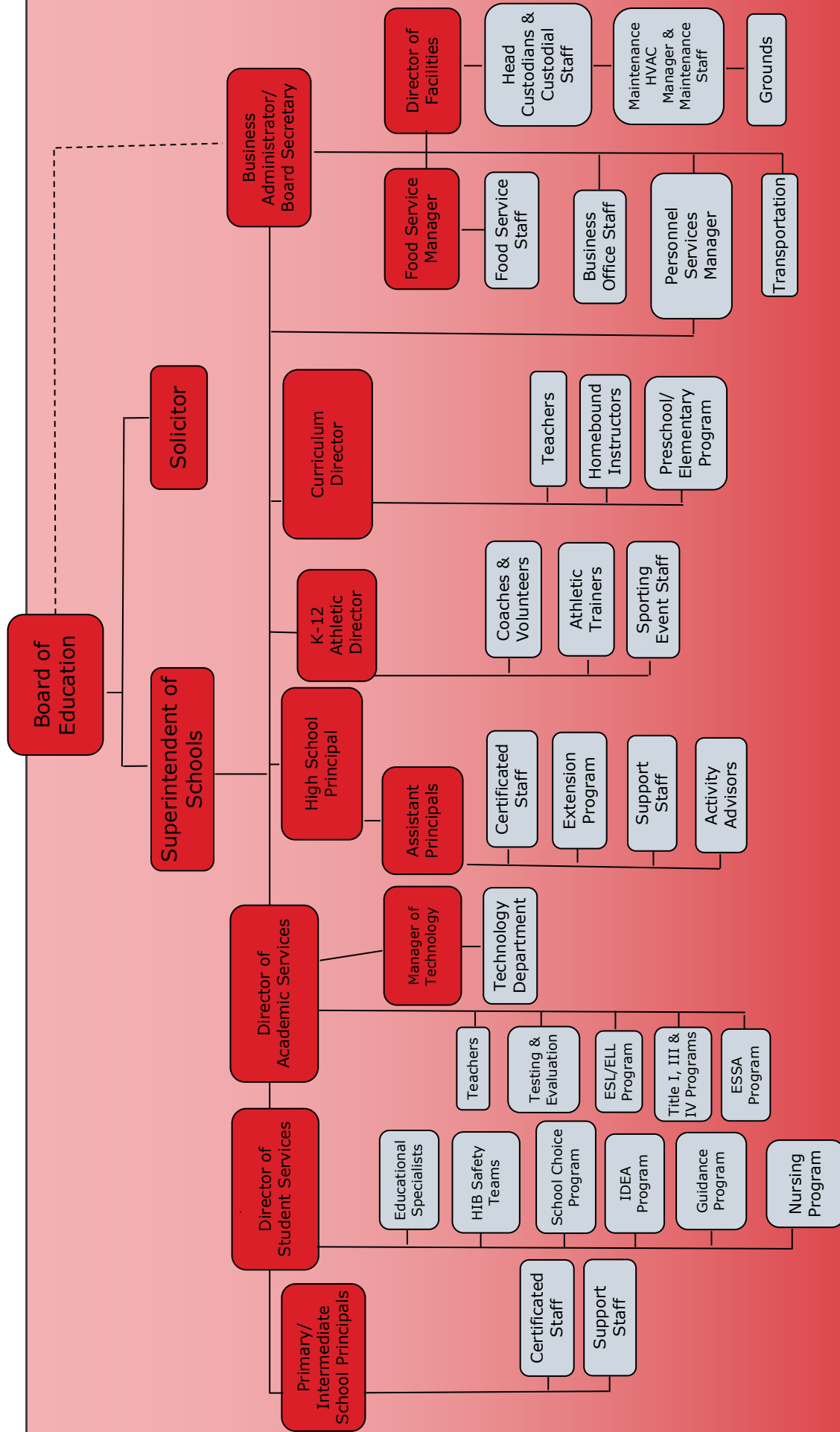
Respectfully submitted,

Christian Angelillo, Ed.D.

Christian Angelillo, Ed.D.
Superintendent of Schools

Timothy E. Kelley

Timothy E. Kelley
Board Secretary/Business Administrator



**Ocean City Board of Education
Organizational Chart**

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

ROSTER OF OFFICIALS
JUNE 30, 2025

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kevin Barnes, President	2026
Chris Halliday, President	2028
Michael Allegretto	2027
Jacqueline McAlister	2028
Corey Niemiec	2027
Liz Nicoletti	2026
Jocelyn Palaganas	2027
Catherine Panico	2026
Dr. Charles Roche	2028
Kristie Chisholm, Upper Township	2026
Kelly Ann Emberger, Upper Township	2026
Rebecca Holden, Upper Township	2026

Other Officials

Dr. Christian Angelillo, Superintendent of Schools as of August 1, 2024

Terrence Crowley, Interim Superintendent of Schools through July 31, 2024

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

Sturdy Savings 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, 2025, 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, 2025, 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 November 28, 2025, 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**

November 28, 2025

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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, 2025
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, 2025. 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

The financial highlights for 2025 are as follows:

- In total, net position decreased \$876,261.24, which represents a decrease of approximately 2.5 percent from prior year.
- General revenues accounted for \$31,109,837.92 in revenue or 61 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$20,258,335.96 or 39 percent of total revenues of \$51,368,173.88.
- Total assets of governmental activities decreased \$2,084,355.06 as cash and cash equivalents decreased by \$763,958.81, receivables decreased by \$550,360.01, and net capital assets decreased by \$716,351.06.
- The School District had \$52,244,435.12 in expenses; \$20,258,335.96 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$31,109,837.92 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$54,525,602.25 in revenues and \$54,878,231.56 in expenditures. The General Fund's fund balance decreased \$663,781.31 from 2024.

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, 2025
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 2025?" 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, 2025
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, 2025
UNAUDITED (CONTINUED)**

Table 1 provides a summary of the School District's net position for 2025 and 2024.

**Table 1
Net Position**

	<u>2025</u>	<u>2024</u>
Assets		
Current and Other Assets	\$ 14,689,516	16,062,786
Capital Assets	30,373,067	31,096,195
	<u>45,062,583</u>	<u>47,158,981</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	<u>309,030</u>	<u>168,081</u>
Liabilities		
Long-Term Liabilities	9,765,718	10,042,171
Other Liabilities	561,850	1,254,096
	<u>10,327,568</u>	<u>11,296,267</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	<u>497,690</u>	<u>608,179</u>
Total Liabilities	<u>497,690</u>	<u>608,179</u>
Net Position		
Net Investment in Capital Assets	30,318,863	31,096,195
Restricted	13,227,862	13,969,781
Unrestricted	(9,000,370)	(9,643,359)
	<u>34,546,355</u>	<u>35,422,617</u>
Total Net Position	<u>\$ 34,546,355</u>	<u>35,422,617</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, 2025
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal year 2024 and 2023

**Table 2
Changes in Net Position**

	<u>2025</u>	<u>2024</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 12,702,540	11,900,835
Operating Grants and Contributions	5,178,995	10,485,698
General Revenues:		
Property Taxes	25,348,983	24,953,479
Grants and Entitlements	7,555,795	4,870,272
Other	581,860	402,264
Total Revenues	<u>51,368,174</u>	<u>52,612,549</u>
Program Expenses		
Instruction	27,575,201	28,891,820
Support Services:		
Tuition	235,862	122,788
Pupils and Instructional Staff	10,073,585	10,138,885
General and School Administration, Business		
Operations and Maintenance of Facilities	11,980,850	11,713,924
Pupil Transportation	1,488,266	1,583,502
Special Schools and Charter Schools	-	17,858
Interest on Debt	150,282	156,915
Food Service	740,389	861,665
Total Expenses	<u>52,244,435</u>	<u>53,487,357</u>
Increase in Net Position	<u>\$ (876,261)</u>	<u>(874,809)</u>

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**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Governmental Activities

Property taxes made up 50 percent of revenues for governmental activities for the Ocean City School District for fiscal year 2025. The School District's total governmental revenues were \$50,745,951.04 for the year ended June 30, 2025. Charges for services represent 24 percent of revenue and federal, state, local grants accounted for another 25 percent of revenue and miscellaneous income accounted for 1 percent of revenue.

The total cost of all programs and services was \$51,504,046.43. Instruction comprises 54 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 \$133,869.92.
- Charges for services represent \$375,750.48 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 \$230,768.29.

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.

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Instruction	\$ 27,575,201	10,057,785	28,891,820	12,450,161
Support Services:				
Tuition	235,862	235,862	122,788	122,788
Pupils and Instructional Staff	10,073,585	8,340,455	10,138,885	5,836,761
General Administration and				
Business Services	2,380,305	2,341,121	2,426,628	2,439,442
School Administration	2,339,949	2,301,429	2,292,468	2,304,574
Operation of Plant	7,260,597	6,937,030	6,994,828	6,003,577
Pupil Transportation	1,488,266	1,488,266	1,583,502	1,583,502
Interest and Finance Charges	150,282	150,282	156,915	156,915
Other			17,858	17,858
Total Expenses	\$ <u>51,504,046</u>	<u>31,852,229</u>	<u>52,625,692</u>	<u>30,915,579</u>

**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Tuition is predominately made up of charges for private schools for disabled students.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the 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 \$57,627,718.04 and expenditures were \$58,150,825.86. The net decrease in fund balance of operations for the year was \$643,107.82.

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, 2025, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2024	Percent of Increase (Decrease)
Local Sources	\$ 39,146,383	67.9%	1,447,366	3.9%
State Sources	17,313,983	30.0%	375,209	2.4%
Federal Sources	1,167,352	2.0%	(1,507,469)	-83.0%
Total	<u>\$ 57,627,718</u>	100.0%	<u>315,106</u>	0.6%

The decrease in Federal funding is due to the completion of the COVID-19 grants. The increase in local sources is mostly due to an increase in tuition revenue.

**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2025, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2024	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 21,855,619	37.6%	368,123	1.8%
Undistributed expenditures	35,275,945	60.7%	756,485	2.3%
Capital Outlay	868,796	1.5%	(388,012)	-82.9%
Special Schools & Charter Schools		0.0%	(17,858)	-34.7%
Debt Service:				
Principal		0.0%	(337,000)	-107.0%
Interest	150,466	0.3%	(7,583)	-4.6%
Total	<u>\$ 58,150,826</u>	<u>100.0%</u>	<u>374,155</u>	<u>0.8%</u>

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 \$7,340,780.00 for FY 2025 and also made on-behalf TPAF post-retirements contributions for the School District in the amount of \$2,144,982.00 and TPAF long-term disability insurance in the amount of \$2,926.00.
- The State of New Jersey reimbursed the District for TPAF Social Security contributions made during the school year. The amount of \$1,615,990.40.
- The School District expended \$485,518.82 less than the amount originally budgeted for Unallocated Benefits, \$120,000.00 of the unexpended balance was transferred to the fund service fund to cover the deficit.

**CITY OF OCEAN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2025, the School District had \$30,373,067.18 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2025 balances compared to 2024.

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

	2025	2024
Land	\$ 879,750	879,750
Land Improvements	360,725	392,231
Sites, Buildings and Building Improvements	26,673,502	28,043,085
Machinery and Equipment	2,459,090	1,728,475
Total	<u>\$ 30,373,067</u>	<u>31,043,541</u>

Debt Administration

At June 30, 2025, the School District had \$2,847,842 of outstanding long term liabilities. Of this amount, \$2,759,496 is for compensated absences, and \$88,346 is for lease agreements.

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

	2025	2024
Lease Agreement	\$ 61,849	95,312
Other Financing Agreement	26,497	39,746
Compensated Absences	2,759,496	2,705,292
Total	<u>\$ 2,847,842</u>	<u>2,840,349</u>

At June 30, 2025, 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, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,849,370.41	\$ 715,384.73	\$ 6,564,755.14
Restricted Cash & Cash Equivalents	7,263,654.26		7,263,654.26
Receivables, Net	709,363.05	43,241.42	752,604.47
Internal Balances	807,774.07	(807,774.07)	-
Inventory		20,156.41	20,156.41
Right to Use Leased Assets	88,345.96		88,345.96
Capital Assets			
Land	879,750.00		879,750.00
Capital Assets being Depreciated, net	29,447,440.20	45,876.98	29,493,317.18
Total Assets	<u>45,045,697.95</u>	<u>16,885.47</u>	<u>45,062,583.42</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	309,030.00		309,030.00
Total Deferred Outflows of Resources	<u>309,030.00</u>	<u>-</u>	<u>309,030.00</u>
LIABILITIES			
Accounts Payable	275,088.28	14,662.88	289,751.16
Unemployment Compensation Claims Payable	59,078.56		59,078.56
Payroll Deductions and Withholdings Payable	31,403.17		31,403.17
Payable to State Government	29,690.00		29,690.00
Unearned Revenue	151,581.48	-	151,581.48
Accrued Interest	346.03		346.03
Noncurrent Liabilities			
Due Within One Year	48,064.64		48,064.64
Due Beyond One Year	2,799,776.99		2,799,776.99
Net Pension Liability	6,917,876.00		6,917,876.00
Total Liabilities	<u>10,312,905.15</u>	<u>14,662.88</u>	<u>10,327,568.03</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	497,690.00		497,690.00
Total Deferred Outflows of Resources	<u>497,690.00</u>	<u>-</u>	<u>497,690.00</u>
NET POSITION			
Net Investment in Capital Assets	30,272,986.10	45,876.98	30,318,863.08
Restricted for:			
Capital Projects	4,475,500.00		4,475,500.00
Other Purposes	8,752,362.24		8,752,362.24
Unrestricted (Deficit)	(8,956,715.54)	(43,654.39)	(9,000,369.93)
Total Net Position	<u>\$ 34,544,132.80</u>	<u>\$ 2,222.59</u>	<u>\$ 34,546,355.39</u>

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

OCEAN CITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

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	\$ 11,547,935.66	\$ 8,413,244.68	\$ 12,326,790.00	\$ 2,798,544.76	\$ (4,835,845.58)	\$	\$ (4,835,845.58)
Special Education	3,210,837.29	2,339,254.44		2,102,719.66	(3,447,372.07)		(3,447,372.07)
Other Special Instruction	1,194,023.32	869,905.29		289,361.48	(1,774,567.13)		(1,774,567.13)
Support Services:							
Tuition	235,862.12				(235,862.12)		(235,862.12)
Student & Instruction Related Services	6,682,887.71	3,390,697.38		1,733,130.44	(8,340,454.65)		(8,340,454.65)
General Administration and Business Services	907,808.23	460,594.74		22,526.28	(1,345,876.69)		(1,345,876.69)
School Administrative Services	1,552,338.56	787,610.17		38,519.60	(2,301,429.13)		(2,301,429.13)
Plant Operation and Maintenance	4,942,854.14	2,317,742.82		323,567.32	(6,937,029.64)		(6,937,029.64)
Pupil Transportation	1,488,265.83			16,657.65	(1,488,265.83)		(1,488,265.83)
Central Services	671,302.72	340,598.92			(995,243.99)		(995,243.99)
Unallocated Benefits	18,919,648.44	(18,919,648.44)			-		-
Charter Schools	-				-		-
Interest on Long-Term Debt	150,282.41				(150,282.41)		(150,282.41)
Total Governmental Activities	51,504,046.43	-	12,326,790.00	7,325,027.19	(31,852,229.24)	-	(31,852,229.24)
Business-Type Activities:							
Food Service	740,388.69	-	375,750.48	230,768.29	-	(133,869.92)	(133,869.92)
Total Business-Type Activities	740,388.69	-	375,750.48	230,768.29	-	(133,869.92)	(133,869.92)
Total Primary Government	\$ 52,244,435.12	\$ -	\$ 12,702,540.48	\$ 7,555,795.48	\$ (31,852,229.24)	\$	\$ (31,986,099.16)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes							
Federal and State Aid not Restricted							
Miscellaneous Income							
Transfers							
Total General Revenues, Special Items, Extraordinary Items and Transfers							
Change in Net Position							
Net Position - Beginning							
Net Position - Ending							

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, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 5,638,821.00	\$ 210,548.91	\$ 0.50	\$ 5,849,370.41
Due from Other Funds	964,801.84			964,801.84
Intergovernmental Accounts Receivable				
Federal		150,431.00		150,431.00
State	510,509.56	-		510,509.56
Other Receivables	36,689.49	11,733.00		48,422.49
Restricted Cash & Cash Equivalents	6,822,136.82	441,517.44		7,263,654.26
Total Assets	<u>13,972,958.71</u>	<u>814,230.35</u>	<u>0.50</u>	<u>14,787,189.56</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	170,881.75	104,206.53		275,088.28
Unemployment Compensation Claims Payable	59,078.56			59,078.56
Payroll Deductions and Withholdings Payable	31,403.17			31,403.17
Due to Other Funds	60,000.00	97,027.77		157,027.77
Payable to State Government	30.00	29,660.00		29,690.00
Unearned Revenue		151,581.48		151,581.48
Total Liabilities	<u>321,393.48</u>	<u>382,475.78</u>	<u>-</u>	<u>703,869.26</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	711,200.69			711,200.69
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	849,950.00			849,950.00
Debt Service			0.50	0.50
Capital Reserve	4,475,500.00			4,475,500.00
Maintenance Reserve	2,250,498.04			2,250,498.04
Tuition Reserve	3,100,000.00			3,100,000.00
Emergency Reserve	424,932.00			424,932.00
Unemployment Claims	403,557.09			403,557.09
Student Activities		352,772.28		352,772.28
Scholarships		78,982.29		78,982.29
Assigned to:				
Designated for Subsequent Year's Expenditures	254,146.00			254,146.00
Other Purposes	326,323.35			326,323.35
Unassigned				
General Fund	855,458.06			855,458.06
Special Revenue Fund		(0.00)		(0.00)
	<u>13,651,565.23</u>	<u>431,754.57</u>	<u>0.50</u>	<u>14,083,320.30</u>
Total Liabilities and Fund Balances	<u>\$ 13,972,958.71</u>	<u>\$ 814,230.35</u>	<u>\$ 0.50</u>	

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 \$65,901,329.88 and the accumulated depreciation is \$35,574,139.68.	30,327,190.20
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	88,345.96
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(346.03)
Pension Liabilities Net of Deferred Outflows & Inflows	(7,106,536.00)
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.	(2,847,841.63)
Net Position of governmental activities	<u>34,544,132.80</u>

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

OCEAN CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 25,348,983.00	\$ -	\$ -	\$ 25,348,983.00
Tuition Charges	12,326,790.00			12,326,790.00
Interest Earned on Investments	500.00			500.00
Other Restricted Miscellaneous Revenues	72,355.55			72,355.55
Miscellaneous	493,300.39	904,454.13		1,397,754.52
Total Local Sources	38,241,928.94	904,454.13	-	39,146,383.07
State Sources	16,271,773.40	1,042,209.38		17,313,982.78
Federal Sources	11,899.91	1,155,452.28		1,167,352.19
Total Revenues	54,525,602.25	3,102,115.79	-	57,627,718.04
EXPENDITURES				
Current:				
Regular Instruction	15,820,880.21			15,820,880.21
Special Education Instruction	2,903,826.17	1,495,078.85		4,398,905.02
Other Special Instruction	1,635,833.48			1,635,833.48
Support Services:				
Tuition	235,862.12			235,862.12
Student & Instruction Related Serv.	4,808,813.34	1,567,301.83		6,376,115.17
General Administrative Services	866,136.02			866,136.02
School Administrative Services	1,481,079.72			1,481,079.72
Plant Operation and Maintenance	5,268,350.32			5,268,350.32
Pupil Transportation	1,488,265.83			1,488,265.83
Central Services	640,487.12			640,487.12
Unallocated Employee Benefits	18,919,648.44			18,919,648.44
Debt Service:				
Interest and Other Charges	150,466.00		-	150,466.00
Capital Outlay	658,582.79	210,213.62		868,796.41
Total Expenditures	54,878,231.56	3,272,594.30	-	58,150,825.86
Excess (Deficiency) of Revenues Over Expenditures	(352,629.31)	(170,478.51)	-	(523,107.82)
OTHER FINANCING SOURCES (USES)				
Transfer in		191,152.00	-	191,152.00
Transfer out	(311,152.00)			(311,152.00)
Total Other Financing Sources and Uses	(311,152.00)	191,152.00	-	(120,000.00)
Net Changes in Fund Balance	(663,781.31)	20,673.49	-	(643,107.82)
Fund Balance - July 1	14,315,346.54	411,081.08	0.50	14,726,428.12
Fund Balance - June 30	\$ 13,651,565.23	\$ 431,754.57	\$ 0.50	\$ 14,083,320.30

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, 2025

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ (643,107.82)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	\$ (1,860,589.51)	
Capital Outlay	<u>1,144,238.45</u>	
		(716,351.06)

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions - PERS	699,927.21	
Cost of benefits earned net of employee contributions	<u>(164,543.21)</u>	
		535,384.00

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. (54,204.10)

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. 183.59

Change in Net Position of Governmental Activities \$ (878,095.39)

OCEAN CITY SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2025

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 715,384.73	\$ 715,384.73
Other Accounts Receivable	30,650.07	30,650.07
Intergovernmental Accounts Receivable		
Federal	12,116.91	12,116.91
State	474.44	474.44
Inventories	20,156.41	20,156.41
Total Current Assets	<u>778,782.56</u>	<u>778,782.56</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment	365,487.60	365,487.60
Less: Accumulated Depreciation	<u>(319,610.62)</u>	<u>(319,610.62)</u>
Total Noncurrent Assets	<u>45,876.98</u>	<u>45,876.98</u>
Total Assets	<u><u>824,659.54</u></u>	<u><u>824,659.54</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	14,662.88	14,662.88
Interfund Payable	807,774.07	807,774.07
Total Current Liabilities	<u>822,436.95</u>	<u>822,436.95</u>
Noncurrent Liabilities:		
None	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets		
Related Debt	45,876.98	45,876.98
Unrestricted	<u>(43,654.39)</u>	<u>(43,654.39)</u>
Total Net Position	<u><u>\$ 2,222.59</u></u>	<u><u>\$ 2,222.59</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, 2025

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
Operating Revenues:		
Charges for Services:		
Reimbursable Program Daily Sales	\$ 130,234.61	\$ 130,234.61
Non-Reimbursable Program Daily Sales	229,288.70	229,288.70
Special Functions	12,976.39	12,976.39
Vending Machine Commissions	3,250.78	3,250.78
Total Operating Revenue	<u>375,750.48</u>	<u>375,750.48</u>
Operating Expenses:		
Cost of Sales-Reimbursable	142,899.36	142,899.36
Cost of Sales- Non Reimbursable	80,928.12	80,928.12
Salaries and Wages and Benefits	448,409.86	448,409.86
Direct Costs	23,494.03	23,494.03
Management Fee	34,910.56	34,910.56
Other Purchased Services	2,970.00	2,970.00
Depreciation	6,776.76	6,776.76
Total Operating Expenses	<u>740,388.69</u>	<u>740,388.69</u>
Operating (Loss)	<u>(364,638.21)</u>	<u>(364,638.21)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	7,140.75	7,140.75
State School Breakfast Program	257.23	257.23
Federal Sources:		
National School Lunch Program	172,084.03	172,084.03
School Breakfast Program	21,093.19	21,093.19
Food Distribution Program	29,550.09	29,550.09
Summer EBT Administrative Cost Reimbursement	643.00	643.00
Interest and Investment Income	15,704.07	15,704.07
Total Nonoperating Revenues (Expenses)	<u>246,472.36</u>	<u>246,472.36</u>
Income (Loss) before Contributions & Transfers	(118,165.85)	(118,165.85)
Transfers In (Out)	<u>120,000.00</u>	<u>120,000.00</u>
Changes in Net Position	1,834.15	1,834.15
Total Net Position - Beginning	<u>388.44</u>	<u>388.44</u>
Total Net Position - Ending	<u>\$ 2,222.59</u>	<u>\$ 2,222.59</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, 2025

	Business-Type Activities - Enterprise Fund	
	Food Service	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Other Income	\$ 388,108.34	\$ 388,108.34
Payments for Food and Supplies	(316,783.83)	(316,783.83)
Payments for Employees and Benefits	(448,409.86)	(448,409.86)
Net Cash Provided by Operating Activities	<u>(377,085.35)</u>	<u>(377,085.35)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	8,122.68	8,122.68
Federal Sources	240,164.80	240,164.80
Interfunds	113,026.54	113,026.54
Net Cash Provided by Noncapital Financing Activities	<u>361,314.02</u>	<u>361,314.02</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
None	-	-
Net Cash (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and Dividends	15,704.07	15,704.07
Net Cash Provided by Investing Activities	<u>15,704.07</u>	<u>15,704.07</u>
Net Increase in Cash and Cash Equivalents	(67.26)	(67.26)
Balance - Beginning of Year	715,451.99	715,451.99
Balance - End of Year	<u>\$ 715,384.73</u>	<u>\$ 715,384.73</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income	(364,638.21)	(364,638.21)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Net Amortization	6,776.76	6,776.76
(Increase) Decrease in Inventories	(17,704.60)	(17,704.60)
(Increase) Decrease in Accounts Receivable	12,357.86	12,357.86
Increase (Decrease) in Accounts Payable	(13,877.16)	(13,877.16)
Total Adjustments	<u>(12,447.14)</u>	<u>(12,447.14)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (377,085.35)</u>	<u>\$ (377,085.35)</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, 2025**

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, 2025 of 1,716 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, 2025
(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, 2025
(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, 2025
(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, 2025
(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, 2025, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food & Supplies	\$	20,156.41
	\$	<u>20,156.41</u>

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2025, 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, 2025
(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, 2025
(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:

Regular Programs - Instruction	
Kindergarten - Salaries of Teachers	\$ (83,500)
Grades 1 - 5 Salaries of Teachers	96,500
Grades 6 - 8 Salaries of Teachers	(190,705)
Grades 9 - 12 Salaries of Teachers	178,000
Regular Programs - Home Instruction	
Purchased Professional - Educational Services	(108,000)
Multiple Disabilities	
Salaries of Teachers	(244,692)
Resource Room/Resource Center	
Salaries of Teachers	183,000
Undist. Expend. - Other Support Serv. Students - Extraordinary Services	
Salaries	(154,200)
Purchased Professional - Educational Services	97,700
Undist. Expend. - Supp. Serv. - General Admin.	
Other Purchased Professional Services	164,251
Undist. Expend. - Required Maint. School Fac.	
Cleaning, Repair and Maintenance Services	194,918
Custodial Services Other Oper. & Maint. Of Plant	
Energy (Electricity)	149,120
Undist. Expend. - Student Transportation Serv.	
Contr. Serv.(Oth. Than Bet Home & Amp; Sch) - Vend	92,320

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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

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

10. Tuition Receivable:

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

11. Tuition Payable:

Tuition charges for the fiscal years 2024/25 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, 2024:

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement, which is effective for fiscal years beginning after June 15, 2024, did not have any effect on the School District's financial reporting.

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods, thereafter.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, "Disclosure of Certain Capital Assets". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods, thereafter.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

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, 2025, \$1,113,541.65 of the School District's bank balance of \$14,844,503.29 was exposed to custodial credit risk.

NOTE 3 - INVESTMENTS

As of June 30, 2025, 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.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2025, 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	\$ 510,509.56	474.44	510,984.00
Federal Aid	150,431.00	12,116.91	162,547.91
Other	48,422.49	30,650.07	79,072.56
Gross Receivables	709,363.05	43,241.42	752,604.47
Less: Allowance for Uncollectibles			
Total Receivables, Net	\$ 709,363.05	43,241.42	752,604.47

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2025, several interfunds remained on the various balance sheets of the Ocean City Board of Education.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 964,801.84	\$ 60,000.00
Special Revenue Fund		97,027.77
Food Service Fund		807,774.07
	<u>\$ 964,801.84</u>	<u>\$ 964,801.84</u>

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.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Adjustments/ Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 879,750.00	\$ -	\$ -	\$ 879,750.00
Total capital assets not being depreciated	<u>879,750.00</u>	<u>-</u>	<u>-</u>	<u>879,750.00</u>
Capital assets being depreciated:				
Land Improvements	938,973.88			938,973.88
Buildings and building improvements	57,083,251.01			57,083,251.01
Machinery and Equipment	5,855,116.54	1,144,238.45		6,999,354.99
Total capital assets being depreciated at historical cost	<u>63,877,341.43</u>	<u>1,144,238.45</u>	<u>-</u>	<u>65,021,579.88</u>
Less accumulated depreciation for:				
Land Improvements	(546,743.26)	(31,506.30)		(578,249.56)
Buildings and improvements	(29,040,165.67)	(1,369,583.66)		(30,409,749.33)
Equipment	(4,126,641.24)	(459,499.55)		(4,586,140.79)
Total capital assets being depreciated, net of accumulated depreciation	<u>(33,713,550.17)</u>	<u>(1,860,589.51)</u>	<u>-</u>	<u>(35,574,139.68)</u>
Governmental activity capital assets, net	<u>\$ 31,043,541.26</u>	<u>\$ (716,351.06)</u>	<u>\$ -</u>	<u>\$ 30,327,190.20</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	365,487.60			365,487.60
Less accumulated depreciation	(312,833.86)	(6,776.76)		(319,610.62)
Enterprise Fund capital assets, net	<u>52,653.74</u>	<u>(6,776.76)</u>	<u>-</u>	<u>45,876.98</u>
Grand Total	<u>\$ 31,096,195.00</u>	<u>\$ (723,127.82)</u>	<u>\$ -</u>	<u>\$ 30,373,067.18</u>

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

Depreciation expense was charged to governmental functions:

Regular Instruction	\$ 942,879.40
Special Education Instruction	262,162.21
Other Special Instruction	97,491.02
Student and Instruction Related Services	379,998.30
School Administrative Services	88,268.13
General and Business Administrative Services	51,619.24
Central Services	38,171.21
	<u>\$ 1,860,589.51</u>

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2025 are as follows:

	Balance July 1, 2024	Issues or Additions	Payments or Expenditures	Balance June 30, 2025	Amounts Due Within One Year
Compensated Absences	\$ 2,705,291.57	\$ 254,661.34	\$ 200,457.24	\$ 2,759,495.67	\$ -
Lease Liability	135,057.68		46,711.72	88,345.96	48,064.64
Net Pension Liability	<u>7,201,822.00</u>	<u>906,507.00</u>	<u>1,190,453.00</u>	<u>6,917,876.00</u>	<u>-</u>
	<u>\$ 10,042,171.25</u>	<u>\$ 1,161,168.34</u>	<u>\$ 1,437,621.96</u>	<u>\$ 9,765,717.63</u>	<u>\$ 48,064.64</u>

Compensated absences and Net Pension Liability have been liquidated in the General Fund.

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 fiscal year 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.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	48,064.64	1,826.44	49,891.08
2027	40,281.32	449.14	40,730.46
	<u>88,345.96</u>	<u>2,275.58</u>	<u>90,621.54</u>

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 8 – UNEARNED REVENUE

The District has unearned revenue reflected on the Statement of Net Position in the District-Wide Financial Statements of \$151,581.48. This consists of unearned revenue of \$151,581.48 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.

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.

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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

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, 2025.

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, 2025, 2024 and 2023 were \$1,615,990.40, \$1,589,627.24, and \$1,518,598.00, 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, 2025, 2024 and 2023 were \$692,763.00, \$664,539.00, and \$658,289.00, respectively, equal to the required contributions for each year.

The Board's total covered payroll for the year ended June 30, 2025, and 2024 \$22,121,024.00, and \$21,765,336.30 for TPAF; and \$4,047,405.00 and \$4,054,013.00 for PERS. Information for prior years was not available.

During the fiscal years ended June 30, 2025, 2024 and 2023, the State of New Jersey contributed \$2,144,982.00, \$2,033,867.00, and \$1,910,174.00, 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 \$7,340,780.00, \$7,472,961.00, and \$7,271,381.00, 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 \$2,926 for long-term disability insurance contribution in 2025. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB standards.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for 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 $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security and requires the pension to be calculated using a three-year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as $\frac{1}{7}$ th 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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

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, 2024:

Public Employees’ Retirement System

The District has a liability of \$6,917,876 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 that was rolled forward to June 30, 2024. 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, 2024, the District’s proportion is 0.05091148510%, which is an increase of 2.39% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$157,379. At June 30, 2024, 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	\$ 138,578	(18,417)
Changes of assumptions	8,594	(78,710)
Net difference between projected and actual earnings on pension plan investments	-	(320,763)
Changes in proportion	161,858	(79,800)
Total	<u>\$ 309,030</u>	<u>\$ (497,690)</u>

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(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,		
2025	\$	(16,090)
2026		(144,786)
2027		(25,310)
2028		(792)
2029		(1,682)
Total	\$	<u>(188,660)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024, measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.63%
Non-U.S. developed markets equity	12.75%	8.85%
International small cap equity	1.25%	8.85%
Emerging markets equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real estate	8.00%	10.95%
Real assets	3.00%	8.20%
High yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk mitigation strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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.

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

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	\$ 8,416,260	6,917,876	5,643,925

Pension plan fiduciary net position.

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

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

At June 30, 2024, 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	85,697,847.00
Total	<u>\$ 85,697,847.00</u>

The net pension liability was measured as of June 30, 2024 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, 2024, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension benefit of \$312,613 and revenue in the same amount for support provided by the State.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

Actuarial assumptions. The total pension liability in the June 30, 2024 actuarial valuation was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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%

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, 2023 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, 2024) 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International small cap equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

Discount rate.

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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.

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	\$ 101,864,023.14	85,697,847.00	72,082,870.65

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, 2024 are as follows:

Deferred outflows of resources	\$ 1,108,112,477
Deferred inflows of resources	(10,545,101,790)
Net pension liability	49,492,072,325

Collective pension expense for the plan for the measurement period ended June 30, 2024 is \$(180,539,491).

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

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 2024 the State funded the various defined benefit pension systems at 104 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, 2023, which is required to be reported on the financial statements, is \$79.4 billion.

The Fiscal Year 2025 projected aggregate State contribution to the pension plans of \$7.2 billion represents 104 percent of the actuarially determined contribution.

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2024, 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 2024, the State contributed \$2.3 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$2.1 billion in Fiscal Year 2023. The State has appropriated \$2.4 billion in Fiscal Year 2025 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 2024 State OPEB liability to provide these benefits is \$76.9 billion, an increase of \$2.0 billion, or 2.6 percent, from the \$74.9 billion liability recorded in Fiscal Year 2023. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: nj.gov/treasury/pensions/financial-reports.shtml.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

Total OPEB Liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget's Financial Publications webpage: nj.gov/treasury/omb/fr.shtml.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2024, actuarial valuation reported by the State in the State's most recently issued ACFR was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024. 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

<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
2.75% to 5.65% 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, 2023, valuation were based on the results of the TPAF, PERS, and PFRS experience studies for the period July 1, 2018, to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.5% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027, and decreases to 4.5% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027, and decreases to 4.5% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.5% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. 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.

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

Balance at 6/30/24 (Based on 6/30/2023 measurement date)	\$ 52,361,668,239.00
Changes for the year:	
Service cost	2,152,062,729.00
Interest	1,963,557,443.00
Changes in Benefit Terms	-
Differences between Expected & Actual Experiences	158,934,425.00
Changes in assumptions or other inputs	4,462,660,491.00
Contributions: Member	51,347,810.00
Benefit payments	<u>(1,499,600,607.00)</u>
Net changes	<u>7,288,962,291.00</u>
Balance at 6/30/25 (Based on 6/30/2024 measurement date)	<u><u>\$ 59,650,630,530.00</u></u>

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

The following presents the total OPEB liability as of June 20, 2024, respectively, calculated using a discount rate as disclosed above as well as what the total non-employer 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 (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 69,863,663,542.00	59,650,630,530.00	51,437,232,141.00

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, 2023, 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)	\$ 49,689,409,509.00	59,650,630,530.00	72,625,778,279.00

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

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

For the year ended June 30, 2024, the board of education recognized OPEB expense of \$3,070,284 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2024, 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	\$ 6,378,932,312.00	(11,139,706,892.00)
Changes in assumptions	10,004,978,073.00	(11,662,607,882.00)
	<u>\$ 16,383,910,385.00</u>	<u>(22,802,314,774.00)</u>

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

Year Ended June 30,	
2025	\$ (2,115,877,507.00)
2026	(1,774,175,666.00)
2027	(842,677,045.00)
2028	221,470,185.00
2029	(1,537,725,697.00)
Thereafter	<u>(369,418,659.00)</u>
	<u>\$ (6,418,404,389.00)</u>

(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, 2025, 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, 2025
(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
Syracusa Benefits Program

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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 4,475,000.00
Deposits	
Interest earned	\$ <u>250.00</u>
	250.00
Withdrawals:	
None	<u>-</u>
Ending balance, June 30, 2025	\$ <u><u>4,475,500.00</u></u>

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 2,304,916.04
Deposits	
Interest earned	\$ 200.00
Board Resolution - June	<u>650,000.00</u>
Withdrawals:	
Withdrawal by Board Resolution	(254,618.00)
Withdrawal by Budget	<u>(450,000.00)</u>
Ending balance, June 30, 2025	<u><u>\$ 2,250,498.04</u></u>

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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 3,500,000.00
Deposits	
Board Resolution - June	1,500,000.00
Withdrawals:	
Withdrawal by Budget	<u>(1,900,000.00)</u>
Ending balance, June 30, 2025	<u><u>\$ 3,100,000.00</u></u>

Of the balance of \$3,100,000.00 in the reserve; \$1,600,000.00 is appropriated for tuition adjustments in the FY 2025 district budget and \$1,500,000.00 is available to be appropriated in the FY 2026 budget for tuition adjustments.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 424,882.00
Deposits	
Interest earned	\$ 50.00
Board Resolution - June	<u>150,000.00</u>
Withdrawals:	
Withdrawal by Budget	<u>(150,000.00)</u>
Ending balance, June 30, 2025	<u><u>\$ 424,932.00</u></u>

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	\$ 326,323.35

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.

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
2024-2025	\$ 65,276.41	\$ 7,079.14	\$ 75,853.06	\$	\$ 403,557.09
2023-2024	83,568.39	6,733.59	83,349.38		407,054.60
2022-2023	85,151.00	2,515.00	43,358.00	60,000.00	400,102.00

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

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 \$13,651,565.23 General Fund - Fund balance, at June 30, 2025, \$326,323.35 is reserved for encumbrances; \$1,561,150.69 is reserved as excess surplus in accordance with NJSA 18A:7F-7; \$849,950.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2025, \$4,475,500.00 has been reserved in the Capital Reserve Account; \$2,250,498.04 has been reserved in a Maintenance Reserve Account; \$3,100,000.00 has been reserved in a Tuition Reserve Account; \$424,932.00 has been reserved in an Emergency Reserve Account; \$403,557.09 has been reserved in Unemployment Claims; \$254,146.00 has been assigned and anticipated as revenue in the 2024-25 School Budget and \$855,458.06 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, 2025 is \$1,561,150.69, of which \$849,950.00 has been included in the 2026 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.

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.

**OCEAN CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)**

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, 2024	Increases	Decreases	Balance June 30, 2025
Copiers	\$ 95,311.88	\$	\$ 33,463.12	\$ 61,848.76
Postage Machine	39,745.80		13,248.60	26,497.20
Right to use assets, net	\$ 135,057.68	\$ -	\$ 46,711.72	\$ 88,345.96

NOTE 27 – SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2025 through November 28, 2025, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

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**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

Budgetary Comparison Schedules

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 25,348,983.00		\$ 25,348,983.00	\$ 25,348,983.00	\$ -
Tuition from Other LEAs Within the State	12,326,790.00		12,326,790.00	12,326,790.00	-
Interest Earned on Maintenance Reserve	200.00		200.00	200.00	-
Interest Earned on Emergency Reserve	50.00		50.00	50.00	-
Interest Earned on Capital Reserve	250.00		250.00	250.00	-
Other Restricted Miscellaneous Revenues			-	72,355.55	72,355.55
Unrestricted Miscellaneous	250,000.00		250,000.00	493,300.39	243,300.39
Total Local Sources	37,926,273.00	-	37,926,273.00	38,241,928.94	315,655.94
State Sources:					
Categorical Special Education Aid	1,175,389.00		1,175,389.00	1,175,389.00	-
School Choice Aid	3,129,750.00		3,129,750.00	3,129,750.00	-
Categorical Security Aid	203,070.00		203,070.00	203,070.00	-
Categorical Transportation Aid	252,189.00		252,189.00	252,189.00	-
Extraordinary Aid			-	407,493.00	407,493.00
Nonpublic Transportation			-	22,883.00	22,883.00
Menstrual Product Reimbursement			-	27.00	27.00
TPAF Pension (On-Behalf - Non-Budgeted)			-	7,340,780.00	7,340,780.00
TPAF Post-retirement (On-Behalf - Non-Budgeted)			-	2,144,982.00	2,144,982.00
TPAF Long Term Disability Insurance			-	2,926.00	2,926.00
TPAF Social Security (Reimbursed-Non-Budgeted)			-	1,615,990.40	1,615,990.40
Total State Sources	4,760,398.00	-	4,760,398.00	16,295,479.40	11,535,081.40
Federal Sources:					
Medicaid Reimbursement	25,493.00		25,493.00	11,899.91	(13,593.09)
Total Federal Sources	25,493.00	-	25,493.00	11,899.91	(13,593.09)
Total Revenues	42,712,164.00	-	42,712,164.00	54,549,308.25	11,837,144.25

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	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	392,279.00	(83,500.00)	308,779.00	304,230.00	4,549.00
Grades 1 - 5 Salaries of Teachers	2,971,455.00	96,500.00	3,067,955.00	3,022,697.16	45,257.84
Grades 6 - 8 Salaries of Teachers	2,623,712.00	(190,705.00)	2,433,007.00	2,387,711.76	45,295.24
Grades 9 - 12 Salaries of Teachers	9,160,395.00	178,000.00	9,338,395.00	9,236,647.02	101,747.98
Regular Programs - Home Instruction					
Salaries of Teachers	60,000.00		60,000.00	10,608.00	49,392.00
Purchased Professional - Educational Services	150,000.00	(108,000.00)	42,000.00	24,153.13	17,846.87
Other Purchased Services (400-500 series)	5,000.00		5,000.00	460.19	4,539.81
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	3,500.00		3,500.00		3,500.00
Purchased Technical Services	102,010.00	(10,000.00)	92,010.00	65,111.50	26,898.50
Other Purchased Services (400-500 series)	125,042.21	-	125,042.21	93,115.90	31,926.31
General Supplies	733,042.41	(6,748.00)	726,294.41	633,564.96	92,729.45
Textbooks	64,769.00		64,769.00	39,430.59	25,338.41
Other Objects	9,060.00		9,060.00	3,150.00	5,910.00
TOTAL REGULAR PROGRAMS - INSTRUCTION	16,400,264.62	(124,453.00)	16,275,811.62	15,820,880.21	454,931.41
SPECIAL EDUCATION - INSTRUCTION					
Learning and or Language Disabilities					
Salaries of Teachers	235,502.00	77,539.60	313,041.60	312,733.72	307.88
Other Salaries for Instruction	53,203.00	55,713.20	108,916.20	108,822.06	94.14
General Supplies	7,200.00		7,200.00	5,361.03	1,838.97
Total Learning and or Language Disabilities	295,905.00	133,252.80	429,157.80	426,916.81	2,240.99

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Multiple Disabilities					
Salaries of Teachers	433,415.00	(244,691.72)	188,723.28	187,725.68	997.60
Other Salaries for Instruction	37,696.00	59,849.92	97,545.92	96,649.77	896.15
General Supplies	14,481.00	(2,000.00)	12,481.00	7,866.39	4,614.61
Total Multiple Disabilities	485,592.00	(186,841.80)	298,750.20	292,241.84	6,508.36
Resource Room/Resource Center					
Salaries of Teachers	1,982,224.00	183,000.00	2,165,224.00	2,151,613.43	13,610.57
Other Salaries for Instruction	24,696.00	2,000.00	26,696.00	26,603.22	92.78
General Supplies	5,563.00	1,100.00	6,663.00	6,450.87	212.13
Total Resource Room/Resource Center	2,012,483.00	186,100.00	2,198,583.00	2,184,667.52	13,915.48
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,793,980.00	132,511.00	2,926,491.00	2,903,826.17	22,664.83
Basic Skills/Remedial - Instruction					
Salaries of Teachers	333,235.00		333,235.00	333,235.00	-
Total Basic Skills/Remedial - Instruction	333,235.00	-	333,235.00	333,235.00	-
Bilingual Education - Instruction					
Salaries of Teachers	206,235.00	(1,806.00)	204,429.00	183,413.00	21,016.00
General Supplies	3,212.10	-	3,212.10	1,086.66	2,125.44
Total Bilingual Education - Instruction	209,447.10	(1,806.00)	207,641.10	184,499.66	23,141.44

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Cocurricular Activities - Instruction					
Salaries	242,986.00		242,986.00	212,078.00	30,908.00
Supplies & Materials	2,400.00		2,400.00		2,400.00
Transfers to Cover Deficit (Custodial Funds)	52,000.00		52,000.00	36,365.99	15,634.01
Total School-Spon. Cocurricular Activities - Inst.	297,386.00	-	297,386.00	248,443.99	48,942.01
School-Spon. Cocurricular Athletics - Instruction					
Salaries	627,739.00		627,739.00	613,077.94	14,661.06
Purchased Services (300-500 series)	112,216.00	(29,715.00)	82,501.00	52,151.16	30,349.84
Supplies & Materials	101,874.84	5,455.08	107,329.92	106,494.52	835.40
Other Objects	8,430.00	2,544.92	10,974.92	10,001.00	973.92
Transfers to Cover Deficit (Custodial Funds)	68,450.00	21,615.00	90,065.00	87,380.00	2,685.00
Total School-Spon. Cocurricular Athletics - Inst.	918,709.84	(100.00)	918,609.84	869,104.62	49,505.22
Other Instructional Programs - Instruction					
Purchased Services (300-500 series)	1,368.00		1,368.00	550.21	817.79
Supplies & Materials	1,440.00		1,440.00		1,440.00
Other Objects	421.00		421.00		421.00
Total Other Instructional Programs - Instruction	3,229.00	-	3,229.00	550.21	2,678.79
TOTAL INSTRUCTION	20,956,251.56	6,152.00	20,962,403.56	20,360,539.86	601,863.70

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	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	30,000.00	(6,000.00)	24,000.00	6,412.00	17,588.00
Tuition to Other LEAs Within the State-Special	30,000.00		30,000.00		30,000.00
Tuition to County Voc. School Dist. - Regular	30,735.00	6,000.00	36,735.00	33,216.11	3,518.89
Tuition to County Voc. School Dist. - Special	18,960.00		18,960.00	18,960.00	-
Tuition to CSSD & Regional Day Schools	222,887.00	(200.00)	222,687.00	78,216.86	144,470.14
Tuition to Private Schools for the Disabled - Within State	237,113.00	200.00	237,313.00	99,057.15	138,255.85
Total Undistributed Expenditures - Instruction	569,695.00	-	569,695.00	235,862.12	333,832.88
Undistributed Expend. - Attend. & Social Worker					
Salaries	154,496.00	900.00	155,396.00	155,356.56	39.44
Purchased Professional and Technical Services	121,077.50	(900.00)	120,177.50	108,340.04	11,837.46
Total Undist. Expend. - Attend. & Social Worker	275,573.50	-	275,573.50	263,696.60	11,876.90
Undistributed Expend. - Health Services					
Salaries	303,871.00	-	303,871.00	265,401.00	38,470.00
Purchased Professional and Technical Services	25,000.00		25,000.00	16,040.00	8,960.00
Other Purchased Services (400-500 series)	6,177.00		6,177.00	3,500.00	2,677.00
Supplies & Materials	10,207.95	(27.00)	10,180.95	8,037.13	2,143.82
Supplies - Menstrual Products		27.00	27.00	26.71	0.29
Other Objects	1,000.00		1,000.00	511.50	488.50
Total Undistributed Expend. - Health Services	346,255.95	-	346,255.95	293,516.34	52,739.61
Undist. Expend. - Speech, PT, OT & Related Services					
Salaries	228,347.00	(26,500.00)	201,847.00	197,183.58	4,663.42
Purchased Professionals - Educational Services	373,800.00	112,700.00	486,500.00	466,715.77	19,784.23
Supplies & Materials	4,400.00		4,400.00	2,589.92	1,810.08
Total Undist. Expend.-Speech, PT, OT & Rel. Svces	606,547.00	86,200.00	692,747.00	666,489.27	26,257.73

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	451,247.00	(154,200.00)	297,047.00	285,628.75	11,418.25
Purchased Professional-Educational Services	100,000.00	97,700.00	197,700.00	193,270.20	4,429.80
Supplies & Materials	3,000.00	2,000.00	5,000.00	4,823.04	176.96
Total Undist. Expend. - Other Support Services					
Students - Extraordinary Services	554,247.00	(54,500.00)	499,747.00	483,721.99	16,025.01
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	1,212,352.00		1,212,352.00	1,190,971.60	21,380.40
Salaries of Secretarial and Clerical Assistants	87,329.00		87,329.00	80,111.76	7,217.24
Other Purchased Services (400-500 series)	41,704.00	-	41,704.00	28,899.32	12,804.68
Supplies & Materials	10,392.00		10,392.00	8,119.54	2,272.46
Other Objects	1,850.00		1,850.00		1,850.00
Total Undistributed Expend. - Guidance	1,353,627.00	-	1,353,627.00	1,308,102.22	45,524.78
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	704,225.00		704,225.00	632,791.98	71,433.02
Salaries of Secretarial and Clerical Assistants	136,000.00		136,000.00	131,476.80	4,523.20
Purchased Professional - Education Services	95,550.00	(44,950.00)	50,600.00	30,477.07	20,122.93
Other Purchased Prof. And Tech. Services	18,000.00	250.00	18,250.00	18,230.58	19.42
Other Purchased Services (400-500 series)	7,000.00		7,000.00	3,575.90	3,424.10
Supplies & Materials	17,000.00	(50.00)	16,950.00	9,765.17	7,184.83
Other Objects	1,750.00	50.00	1,800.00	1,780.00	20.00
Total Undist. Expend. - Child Study Teams	979,525.00	(44,700.00)	934,825.00	828,097.50	106,727.50

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	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	79,748.00	1,100.00	80,848.00	80,764.70	83.30
Salaries of Secr and Clerical Assist.	26,080.00		26,080.00	26,079.60	0.40
Other Salaries	30,000.00		30,000.00	18,893.00	11,107.00
Other Purch Prof. and Tech. Services	40,400.00	(1,100.00)	39,300.00	28,700.50	10,599.50
Other Purchased Services (400-500 series)	500.00		500.00	209.21	290.79
Supplies & Materials	3,000.00		3,000.00	2,296.95	703.05
Other Objects	3,500.00		3,500.00	1,689.00	1,811.00
Total Undist. Expend. - Improvement of Inst. Serv.	183,228.00	-	183,228.00	158,632.96	24,595.04
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	640,551.00	(1,400.00)	639,151.00	611,535.82	27,615.18
Purchased Professional and Technical Services	53,499.56	(3,600.00)	49,899.56	38,464.30	11,435.26
Other Purchased Services (400-500 series)	385.00	8,809.00	9,194.00	8,809.88	384.12
Supplies & Materials	43,020.00	(3,809.00)	39,211.00	32,172.67	7,038.33
Total Undistributed Expenditures - Educational	737,455.56	-	737,455.56	690,982.67	46,472.89
Media Services - School Library					
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors Instruction	79,748.00	2,400.00	82,148.00	82,120.91	27.09
Purchased Professional - Educational Services	78,495.00	(2,400.00)	76,095.00	24,402.47	51,692.53
Other Purchased Services (400-500 series)	12,912.00	(1,000.00)	11,912.00	6,120.42	5,791.58
Supplies and Materials	2,000.00	1,000.00	3,000.00	2,929.99	70.01
Total Undistributed Expenditures - Instructional	173,155.00	-	173,155.00	115,573.79	57,581.21
Staff Training Services					

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	303,592.00	(8,500.08)	295,091.92	295,091.92	-
Legal Services	130,000.00	23,445.00	153,445.00	153,445.00	-
Audit Fees	49,000.00	(20,000.00)	29,000.00	29,000.00	-
Architectural/Engineering Services	54,000.00	(43,512.50)	10,487.50	10,487.50	-
Other Purchased Professional Services	24,200.00	164,250.70	188,450.70	52,785.33	135,665.37
Purchased Technical Services	34,775.00	2,423.57	37,198.57	37,198.57	-
Communications/Telephone	150,700.00	(32,075.57)	118,624.43	118,624.43	-
BOE Other Purchased Services	18,750.00	(1,118.24)	17,631.76	17,627.82	3.94
Misc. Purch Serv (400-500) [Other than 530 & 585]	154,300.00	(41,646.46)	112,653.54	110,853.54	1,800.00
General Supplies	8,250.00	(4,311.01)	3,938.99	3,938.99	-
BOE In-house Train/Meeting Supplies	500.00	1,915.30	2,415.30	2,415.30	-
Judgments Against the School	15,000.00	(3,000.00)	12,000.00	12,000.00	-
Miscellaneous Expenditures	10,240.00	(5,631.00)	4,609.00	4,609.00	-
BOE Membership Dues/Fees	19,800.00	(1,741.38)	18,058.62	18,058.62	-
Total Undistr. Expend. - Support Svs - Gen.Admin.	973,107.00	30,498.33	1,003,605.33	866,136.02	137,469.31
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Asst. Principals/Prog Dir	1,144,008.00		1,144,008.00	1,116,916.46	27,091.54
Salaries of Secretarial and Clerical Assistants	323,362.00		323,362.00	270,395.24	52,966.76
Purchased Professional and Technical Services	960.00		960.00		960.00
Other Purchased Services (400-500 series)	42,891.00	3,400.00	46,291.00	43,016.86	3,274.14
Supplies and Materials	58,592.00	(3,600.00)	54,992.00	43,124.33	11,867.67
Other Objects	10,112.00	200.00	10,312.00	7,626.83	2,685.17
Total Undistributed Expenditures - Support Services - School Administration	1,579,925.00	-	1,579,925.00	1,481,079.72	98,845.28

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Central Services					
Salaries	520,724.00		520,724.00	476,983.51	43,740.49
Purchased Professional Services	20,200.00		20,200.00	623.00	19,577.00
Purchased Technical Services	22,000.00		22,000.00	21,134.64	865.36
Miscellaneous Purchased Services (400-500) [O/T 594]	22,000.00		22,000.00	8,265.41	13,734.59
Supplies and Materials	10,000.00		10,000.00	4,199.44	5,800.56
Miscellaneous Expenditures	4,300.00	(200.00)	4,100.00	2,822.35	1,277.65
Total Undistributed Expenditures -					
Central Services	599,224.00	(200.00)	599,024.00	514,028.35	84,995.65
Undist. Expend. - Admin Info Tech.					
Salaries	30,000.00	(30,000.00)	-		-
Other Salaries		30,000.00	30,000.00	30,000.00	-
Purchased Technical Services	89,000.00	(800.00)	88,200.00	87,993.66	206.34
Other Purchased Services (400-500 series)	400.00		400.00		400.00
Supplies and Materials	7,500.00	1,000.00	8,500.00	8,465.11	34.89
Total Undistributed Expenditures -					
Admin Info. Tech.	126,900.00	200.00	127,100.00	126,458.77	641.23
Undist. Expend. - Required Maint. School Fac.					
Salaries	351,775.00	600.00	352,375.00	324,833.79	27,541.21
Cleaning, Repair and Maintenance Services	585,829.50	194,918.00	780,747.50	663,804.67	116,942.83
General Supplies	311,763.14	(10,000.00)	301,763.14	268,725.90	33,037.24
Other Objects	4,163.00		4,163.00	819.07	3,343.93
Total Undistributed Expenditures - Required					
Maintenance for School Facilities	1,253,530.64	185,518.00	1,439,048.64	1,258,183.43	180,865.21

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Custodial Services					
Salaries	1,371,661.00	(36,719.56)	1,334,941.44	1,261,817.43	73,124.01
Salaries - Non- Instructional Aides	123,592.00	(35,000.00)	88,592.00	57,422.08	31,169.92
Purchased Professional and Technical Services	59,335.00		59,335.00	59,165.33	169.67
Cleaning, Repair and Maintenance Services	54,505.00	(11,150.00)	43,355.00	42,209.74	1,145.26
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt	5,000.00		5,000.00	953.78	4,046.22
Other Purchased Property Services	108,413.00	2,700.00	111,113.00	110,106.85	1,006.15
Insurance	337,900.00	57,840.00	395,740.00	395,652.36	87.64
Miscellaneous Purchased Services	8,250.00		8,250.00	2,825.18	5,424.82
General Supplies	154,550.00	(3,050.00)	151,500.00	128,128.67	23,371.33
Energy (Natural Gas)	417,681.00	(25,000.00)	392,681.00	380,308.17	12,372.83
Energy (Electricity)	960,269.00	149,119.56	1,109,388.56	1,109,388.56	-
Other Objects	6,002.00		6,002.00	3,033.58	2,968.42
Total Undistributed Expenditures -					
Custodial Services	3,607,158.00	98,740.00	3,705,898.00	3,551,011.73	154,886.27
Undist. Expend- Care & Upkeep of Grounds					
Salaries	127,274.00		127,274.00	106,863.78	20,410.22
Cleaning, Repair, and Maintenance Services	34,500.00		34,500.00	27,721.15	6,778.85
General Supplies	37,999.14	-	37,999.14	35,872.99	2,126.15
Total Care and Upkeep of Grounds	199,773.14	-	199,773.14	170,457.92	29,315.22
Undist. Expend. - Security					
Salaries	229,668.00		229,668.00	225,058.85	4,609.15
Purchased Professional and Technical Services	127,726.92	(38,740.00)	88,986.92	58,780.82	30,206.10
General Supplies	25,000.00	(5,000.00)	20,000.00	4,857.57	15,142.43
Total Security	382,394.92	(43,740.00)	338,654.92	288,697.24	49,957.68
Total Undistributed Expenditures					
Operations and Maintenance of Plant	5,442,856.70	240,518.00	5,683,374.70	5,268,350.32	415,024.38

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Student Transportation Serv.					
Sal. For Pupil Trans (Other than Bet. Home & Sch)	50,000.00		50,000.00	14,909.07	35,090.93
Contr. Serv. - Aid in Lieu Payments - NonPub Sch	15,000.00	(1,000.00)	14,000.00	10,593.00	3,407.00
Contr. Serv. (Bet. Home and Sch)-Vendors	875,000.00	(73,710.00)	801,290.00	779,688.40	21,601.60
Contr. Serv. (Oth. Than Bet Home & Sch)-Vend	229,460.00	92,320.00	321,780.00	315,018.47	6,761.53
Contr. Serv. (Bet. Home and School)-Joint Agreements	1,000.00		1,000.00		1,000.00
Contr. Serv. - (Spc Ed. Stds) - Vendors	335,000.00	(9,000.00)	326,000.00	306,553.99	19,446.01
Contr. Serv. - (Spc Ed. Stds) - Joint Agmnts	75,000.00	(10,000.00)	65,000.00	40,114.21	24,885.79
Transportation Supplies	20,000.00	1,390.00	21,390.00	21,388.69	1.31
Total Undistributed Expenditures - Student Transportation Services	1,600,460.00	-	1,600,460.00	1,488,265.83	112,194.17
Unallocated Benefits - Employee Benefits					
Social Security Contribution	500,000.00		500,000.00	451,662.11	48,337.89
Other Retirement Contributions - PERS	700,000.00	1,000.00	701,000.00	699,927.21	1,072.79
Unemployment Compensation		76,000.00	76,000.00	75,853.06	146.94
Workmen's Compensation	350,000.00	35,000.00	385,000.00	384,822.34	177.66
Health Benefits	6,571,341.00	(142,398.33)	6,428,942.67	5,943,423.85	485,518.82
Tuition Reimbursement	70,000.00	(25,000.00)	45,000.00	29,744.21	15,255.79
Other Employee Benefits	200,000.00		200,000.00	110,375.00	89,625.00
Unused Sick Payment to Terminated/Retired	125,000.00	25,000.00	150,000.00	119,162.26	30,837.74
Total Unallocated Benefits	8,516,341.00	(30,398.33)	8,485,942.67	7,814,970.04	670,972.63
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (non-bud)			-	7,340,780.00	(7,340,780.00)
On-Behalf TPAF Post-retir. Contribution (non-bud)			-	2,144,982.00	(2,144,982.00)
On-Behalf TPAF Long Term Disability Insurance			-	2,926.00	(2,926.00)
Reimbursed TPAF Social Security Cont.(non-bud)			-	1,615,990.40	(1,615,990.40)
Total On-Behalf Contributions	-	-	-	11,104,678.40	(11,104,678.40)
Total Personal Services - Employee Benefits	8,516,341.00	(30,398.33)	8,485,942.67	18,919,648.44	(10,433,705.77)
TOTAL UNDISTRIBUTED EXPENDITURES	24,618,122.71	227,618.00	24,845,740.71	33,708,642.91	(8,862,902.20)
TOTAL GENERAL CURRENT EXPENSE	45,574,374.27	233,770.00	45,808,144.27	54,069,182.77	(8,261,038.50)

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Undistributed Exp. - Instruction	413,135.15	6,748.00	419,883.15	249,010.81	170,872.34
Undistributed Exp. - Admin. Info. Tech.	379,008.88	-	379,008.88	362,554.91	16,453.97
Undistributed Exp. - Required Maint for School Fac.	48,000.00		48,000.00		48,000.00
Undistributed Exp. - Custodial	33,232.58	3,950.00	37,182.58	36,867.07	315.51
Undistributed Exp. - Care and Upkeep of Grounds		10,150.00	10,150.00	10,150.00	-
Total Equipment	873,376.61	20,848.00	894,224.61	658,582.79	235,641.82
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	150,466.00		150,466.00	150,466.00	-
Total Facilities Acquisition and Construction Services	150,466.00	-	150,466.00	150,466.00	-
TOTAL CAPITAL OUTLAY	1,023,842.61	20,848.00	1,044,690.61	809,048.79	235,641.82
Transfer of Funds to Charter Schools	18,942.00		18,942.00		18,942.00
TOTAL EXPENDITURES	46,617,158.88	254,618.00	46,871,776.88	54,878,231.56	(8,006,454.68)

OCEAN CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	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	(191,152.00)		(191,152.00)	(191,152.00)	-
Transfer to Cover Deficit - Food Service Fund			-	(120,000.00)	(120,000.00)
Total Other Financing Sources/(Uses):	(191,152.00)	-	(191,152.00)	(311,152.00)	(120,000.00)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(4,096,146.88)	(254,618.00)	(4,350,764.88)	(640,075.31)	3,710,689.57
Fund Balance July 1	14,742,029.54		14,742,029.54	14,742,029.54	-
Fund Balance June 30	10,645,882.66	(254,618.00)	10,391,264.66	14,101,954.23	3,710,689.57
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				849,950.00	
Excess Surplus - Current Year				711,200.69	
Capital Reserve				4,475,500.00	
Maintenance Reserve				2,250,498.04	
Tuition Reserve Year 1				1,600,000.00	
Tuition Reserve Year 2				1,500,000.00	
Emergency Reserve				424,932.00	
Unemployment Claims				403,557.09	
Assigned Fund Balance:					
Year-End Encumbrances				326,323.35	
Designated for Subsequent Year's Expenditures				254,146.00	
Unassigned Fund Balance					
General Fund				1,305,847.06	
				14,101,954.23	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(450,389.00)	
				\$ 13,651,565.23	

OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources	\$ 191,152.00	\$ 924,396.72	\$ 1,115,548.72	\$ 1,095,606.13	\$ (19,942.59)
State Sources	1,104,449.00	35,701.00	1,140,150.00	1,042,209.38	(97,940.62)
Federal Sources	708,940.00	271,203.19	980,143.19	896,507.56	(83,635.63)
Total Revenues	2,004,541.00	1,231,300.91	3,235,841.91	3,034,323.07	(201,518.84)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	747,656.00	(102,779.68)	644,876.32	627,539.06	17,337.26
Other Salaries for Instruction	575,837.00	(168,297.00)	407,540.00	404,528.26	3,011.74
Purchased Technical Services	17,539.00	4,878.00	22,417.00	19,917.00	2,500.00
Other Purchased Services (400-500 series)	8,000.00	302,795.00	310,795.00	260,912.69	49,882.31
General Supplies	48,582.00	151,792.49	200,374.49	124,813.74	75,560.75
Textbooks		5,983.00	5,983.00	5,983.00	-
Other Objects	10,000.00		10,000.00	570.00	9,430.00
Total Instruction	1,407,614.00	194,371.81	1,601,985.81	1,444,263.75	157,722.06
Support Services:					
Salaries of Program Directors	29,904.00		29,904.00	29,904.00	-
Salaries of Other Professional Staff	42,256.00		42,256.00	42,253.40	2.60
Salaries of Sec and Clerical Assistants	21,034.00		21,034.00	16,722.40	4,311.60
Other Salaries	46,696.00	2,760.00	49,456.00	48,845.90	610.10
Salaries of Community Parent Involvement Spec.		9,360.00	9,360.00	9,360.00	-
Salaries of Master Teachers	18,191.00	19,955.00	38,146.00	38,145.80	0.20
Personal Services - Employee Benefits	361,344.00	65,007.68	426,351.68	411,616.23	14,735.45
Cleaning, Repair & Maintenance Svcs.	20,000.00	7,470.00	27,470.00	27,365.63	104.37
Contr Serv-Trans. (Field Trips)	5,000.00	(2,500.00)	2,500.00	1,248.54	1,251.46
Other Purchased Services (400-500 series)	36,944.00	15,448.83	52,392.83	42,206.20	10,186.63
General Supplies	11,058.00	83,125.08	94,183.08	66,405.22	27,777.86
Scholarships Awarded		97,000.00	97,000.00	97,000.00	-
Student Activities		736,228.51	736,228.51	736,228.51	-
Total Support Services	592,427.00	1,033,855.10	1,626,282.10	1,567,301.83	58,980.27
Facilities Acquisition & Construction Services:					
Instructional Equipment	4,500.00	3,074.00	7,574.00	3,074.00	4,500.00
Non-Instructional Equipment		-	-	(990.00)	990.00
Total Expenditures	4,500.00	3,074.00	7,574.00	2,084.00	5,490.00
	2,004,541.00	1,231,300.91	3,235,841.91	3,013,649.58	222,192.33
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 20,673.49	\$ 20,673.49
Fund Balance, July 1				411,081.08	
Fund Balance, June 30				431,754.57	

**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, 2025

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	\$ 54,549,308.25	\$ 3,034,323.07
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		258,944.72
Current Year		-
Unexpended Preschool Education Aid		4,848.00
The Final State Aid payment for the Year Ended June 30, 2024 that was delayed until July 2024 was recorded as budgetary revenue for the Year Ended June 30, 2024 but is not recognized under GAAP until the Year Ended June 30, 2025.	426,683.00	83,376.00
The Final State Aid payment for the Year Ended June 30, 2025 that was delayed until July 2025 was recorded as budgetary revenue for the Year Ended June 30, 2025 but is not recognized under GAAP until the Year Ended June 30, 2026.	(450,389.00)	(88,224.00)
	<u>\$ 54,525,602.25</u>	<u>\$ 3,293,267.79</u>
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	54,878,231.56	3,013,649.58
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		258,944.72
Current Year		-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	<u>\$ 54,878,231.56</u>	<u>\$ 3,272,594.30</u>

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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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0509114851%	0.0497213203%	0.0502030842%	0.0505364017%	0.0501885113%	0.0509699012%	0.0489180950%	0.0477540206%	0.0486599449%	0.0498289421%
District's proportionate of the net pension liability (asset)	\$ 6,917,876	\$ 7,201,822	\$ 7,576,337	\$ 5,986,794	\$ 8,184,434	\$ 9,184,003	\$ 9,631,729	\$ 11,116,373	14,411,680	11,185,801
District's covered payroll	\$ 4,054,013	\$ 3,926,395	\$ 3,703,694	\$ 3,624,801	\$ 3,723,615	\$ 3,556,841	\$ 3,565,996	\$ 3,358,182	3,163,872	3,359,550
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	170.64%	183.42%	204.56%	165.16%	219.80%	258.21%	270.10%	331.02%	455.51%	332.96%
Plan fiduciary net position as a percentage of the total pension liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 692,763	\$ 664,539	\$ 633,085	\$ 591,840	\$ 549,037	\$ 495,787	\$ 486,577	\$ 449,645	\$ 434,893	\$ 428,403
Contributions in relation to the contractually required contribution	692,763	664,539	633,085	591,840	549,037	495,787	486,577	449,645	434,893	428,403
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 4,054,013	\$ 3,926,395	\$ 3,703,694	\$ 3,624,801	\$ 3,723,615	\$ 3,556,841	\$ 3,565,996	\$ 3,358,182	\$ 3,163,872	\$ 3,359,550
Contributions as a percentage of covered-employee payroll	17.09%	16.92%	17.09%	16.33%	14.74%	13.94%	13.64%	13.39%	13.75%	12.75%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
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	85,697,847	89,529,047	91,668,996	85,746,302	117,721,033	110,563,731	116,958,003	124,283,696	147,023,848	118,869,177
Total	<u>\$ 85,697,847</u>	<u>\$ 89,529,047</u>	<u>\$ 91,668,996</u>	<u>\$ 85,746,302</u>	<u>\$ 117,721,033</u>	<u>\$ 110,563,731</u>	<u>\$ 116,958,003</u>	<u>\$ 124,283,696</u>	<u>\$ 147,023,848</u>	<u>\$ 118,869,177</u>
District's covered payroll	\$ 21,765,336	\$ 20,715,816	\$ 20,294,106	\$ 20,185,181	\$ 19,686,835	\$ 19,507,858	\$ 19,405,802	\$ 19,041,624	\$ 18,908,829	\$ 18,854,793
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	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%

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 Nine Fiscal Years

	2024	2023	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%	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	\$ 120,510,627	\$ 105,003,695	\$ 100,116,305	\$ 117,863,327	\$ 131,488,081	\$ 81,462,941	\$ 93,601,253	\$ 106,770,830	\$ 116,122,206
Total	<u>\$ 120,510,627</u>	<u>\$ 105,003,695</u>	<u>\$ 100,116,305</u>	<u>\$ 117,863,327</u>	<u>\$ 131,488,081</u>	<u>\$ 81,462,941</u>	<u>\$ 93,601,253</u>	<u>\$ 106,770,830</u>	<u>\$ 116,122,206</u>
District's covered payroll	\$ 25,819,349	\$ 24,642,211	\$ 23,997,800	\$ 23,809,982	\$ 23,410,450	\$ 23,064,699	\$ 22,971,798	\$ 22,399,806	\$ 22,072,701
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	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%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:									
Service Cost	3,251,045	3,262,036	4,203,170	4,693,891	2,623,652	2,517,060	2,840,142	3,427,171	
Interest Cost	3,966,924	3,698,102	2,653,193	3,057,499	2,804,520	3,673,271	3,881,200	3,373,453	
Change in Benefit Terms				(125,451)					
Differences between Expected & Actual	2,199,032	503,570	4,797,468	(19,036,686)	22,698,330	(17,116,720)	(6,733,346)	(13,770,025)	
Changes in Assumptions	9,015,798	2,111,644	(26,857,097)	116,281	24,018,354	1,214,619	(10,741,212)	91,064	
Member Contributions	103,737	94,789	84,310	78,165	69,383	74,127	86,503		
Benefit Payments	(3,029,604)	(2,882,731)	(2,628,066)	(2,408,453)	(2,289,099)	(2,500,669)	(2,502,864)	(2,473,039)	
Change in Total Opeb Liability	<u>15,506,932</u>	<u>4,887,390</u>	<u>(17,747,022)</u>	<u>(13,624,754)</u>	<u>50,025,140</u>	<u>(12,138,312)</u>	<u>(13,169,577)</u>	<u>(9,351,376)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	105,003,695	100,116,305	117,863,327	131,488,081	81,462,941	93,601,253	106,770,830	116,122,206	
Ending Balance	<u>120,510,627</u>	<u>105,003,695</u>	<u>100,116,305</u>	<u>117,863,327</u>	<u>131,488,081</u>	<u>81,462,941</u>	<u>93,601,253</u>	<u>\$ 106,770,830</u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	466.75%	426.11%	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 nine 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, 2025

	Ocean City Library Grant	Ocean City Education Foundation	NJSG Safety Grant	Ocean City PTA	Atlanticare Grant	Donation Holocaust	PA Walk for Hearing	Coastal HIF Wellness Grant
REVENUES:								
Local Sources	\$ 8,124.01	5,038.03	\$ 8,624.00	\$ 16,947.15	\$ 2,614.47	\$ 1,790.00	\$ 1,997.00	\$ 5,000.00
State Sources								
Federal Sources								
Total Revenues	8,124.01	5,038.03	8,624.00	16,947.15	2,614.47	1,790.00	1,997.00	5,000.00
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Other Salaries for Instruction								
Purchased Technical Services								
Other Purchased Services (400-500 series)		5,038.03			2,614.47		1,997.00	
General Supplies								
Textbooks								
Other Objects								
Total Instruction	-	5,038.03	-	-	2,614.47	-	1,997.00	-
Support Services:								
Salaries of Program Directors								
Salaries of Other Professional Staff								
Salaries of Sec and Clerical Assistants								
Other Salaries								
Salaries of Community Parent Involvement Spec.								
Salaries of Master Teachers								
Personal Services - Employee Benefits								
Cleaning, Repair & Maint; Maintenance Svcs.								
Contr Serv-Trans. (Field Trips)								
Other Purchased Services (400-500 series)	8,124.01		8,624.00	16,662.19 284.96		1,790.00		5,000.00
General Supplies								
Scholarships Awarded								
Student Activities								
Total Support Services	8,124.01	-	8,624.00	16,947.15	-	1,790.00	-	5,000.00
Capital Outlay:								
Instructional Equipment								
Non-Instructional Equipment								
Total Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	8,124.01	5,038.03	8,624.00	16,947.15	2,614.47	1,790.00	1,997.00	5,000.00
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, 2025

	WSSC School Health Project	Kids Heart Challenge	I.D.E.A. Part B	I.D.E.A. Preschool	Title I Part A	Title IIA	Title III	Title III Immigrant
REVENUES:								
Local Sources	\$ 117.67	\$ 299.80	\$	\$	\$	\$	\$	\$
State Sources			536,217.47	16,595.00	237,375.33	29,877.00	19,104.57	1,452.00
Federal Sources			536,217.47	16,595.00	237,375.33	29,877.00	19,104.57	1,452.00
Total Revenues	117.67	299.80						
EXPENDITURES:								
Instruction:								
Salaries of Teachers					138,485.00			1,452.00
Other Salaries for Instruction			249,092.26	15,416.00				
Purchased Technical Services			257,689.44					
Other Purchased Services (400-500 series)			10,434.33		37,789.91		14,971.57	
General Supplies	117.67	299.80						
Textbooks								
Other Objects								
Total Instruction	117.67	299.80	517,216.03	15,416.00	176,274.91	-	14,971.57	1,452.00
Support Services:								
Salaries of Program Directors								
Salaries of Other Professional Staff								
Salaries of Sec and Clerical Assistants					830.00			
Other Salaries								
Salaries of Community Parent Involvement Spec.								
Salaries of Master Teachers								
Personal Services - Employee Benefits								
Cleaning, Repair & Maint; Maintenance Svcs.			19,001.44	1,179.00	56,770.62			
Contr Serv-Trans. (Field Trips)								
Other Purchased Services (400-500 series)						10,305.00	325.00	
General Supplies					3,499.80	19,572.00	734.00	
Scholarships Awarded								
Student Activities								
Total Support Services	-	-	19,001.44	1,179.00	61,100.42	29,877.00	1,059.00	-
Capital Outlay:								
Instructional Equipment							3,074.00	
Non-Instructional Equipment								
Total Capital Outlay	-	-	-	-	-	-	3,074.00	-
Total Expenditure	117.67	299.80	536,217.47	16,595.00	237,375.33	29,877.00	19,104.57	1,452.00
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, 2025

	Title IV	ARP ESSR	ARP ESSR Summer Learning	Nonpublic Technology Aid	Nonpublic Textbook Aid	Preschool Education
REVENUES:						
Local Sources	\$	\$	\$	\$	\$	\$
State Sources						
Federal Sources	19,917.00	25,726.19	10,243.00	58.24	5,983.00	191,152.00 1,036,168.14
Total Revenues	19,917.00	25,726.19	10,243.00	58.24	5,983.00	1,227,320.14
EXPENDITURES:						
Instruction:						
Salaries of Teachers			8,035.32			479,566.74
Other Salaries for Instruction						140,020.00
Purchased Technical Services	19,917.00					3,223.25
Other Purchased Services (400-500 series)		26,716.19		58.24	5,983.00	24,776.53
General Supplies						
Textbooks						
Other Objects						570.00
Total Instruction	19,917.00	26,716.19	8,035.32	58.24	5,983.00	648,156.52
Support Services:						
Salaries of Program Directors						29,904.00
Salaries of Other Professional Staff						42,253.40
Salaries of Sec and Clerical Assistants			1,480.00			16,722.40
Other Salaries						46,535.90
Salaries of Community Parent Involvement Spec.						9,360.00
Salaries of Master Teachers			727.68			38,145.80
Personal Services - Employee Benefits						333,937.49
Cleaning, Repair & Maintenance Svcs.						27,365.63
Contr Serv-Trans. (Field Trips)						1,248.54
Other Purchased Services (400-500 series)						
General Supplies						33,690.46
Scholarships Awarded						
Student Activities						
Total Support Services	-	-	2,207.68	-	-	579,163.62
Capital Outlay:						
Instructional Equipment		(990.00)				-
Non-Instructional Equipment	-	(990.00)	-	-	-	-
Total Capital Outlay	-	(990.00)	-	-	-	-
Total Expenditures	19,917.00	25,726.19	10,243.00	58.24	5,983.00	1,227,320.14
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, 2025

	Intermediate School Activities	Primary School Activities	High School Activities	Scholarship Funds	High School Red & White Account	Totals
REVENUES:						
Local Sources	\$ 75,420.60	\$ 8,708.62	\$ 547,765.11	\$ 100,743.28	\$ 121,264.39	\$ 1,095,606.13
State Sources						1,042,209.38
Federal Sources						896,507.56
Total Revenues	<u>75,420.60</u>	<u>8,708.62</u>	<u>547,765.11</u>	<u>100,743.28</u>	<u>121,264.39</u>	<u>3,034,323.07</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						627,539.06
Other Salaries for Instruction						404,528.26
Purchased Technical Services						19,917.00
Other Purchased Services (400-500 series)						280,912.69
General Supplies						124,813.74
Textbooks						5,983.00
Other Objects						570.00
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,444,263.75</u>
Support Services:						
Salaries of Program Directors						29,904.00
Salaries of Other Professional Staff						42,253.40
Salaries of Sec. and Clerical Assistants						16,722.40
Other Salaries						48,845.90
Salaries of Community Parent Involvement Spec.						9,360.00
Salaries of Master Teachers						38,145.80
Personal Services - Employee Benefits						411,616.23
Cleaning, Repair & Maint. Maintenance Svcs.						27,365.63
Contr. Serv.-Trans. (Field Trips)						1,248.54
Other Purchased Services (400-500 series)						42,206.20
General Supplies						66,405.22
Scholarships Awarded						97,000.00
Student Activities				97,000.00	120,734.05	736,228.51
Total Support Services	<u>71,532.54</u>	<u>5,615.24</u>	<u>538,346.68</u>	<u>97,000.00</u>	<u>120,734.05</u>	<u>1,567,301.83</u>
Capital Outlay:						
Instructional Equipment						3,074.00
Non-Instructional Equipment						(990.00)
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,084.00</u>
Total Expenditures	<u>71,532.54</u>	<u>5,615.24</u>	<u>538,346.68</u>	<u>97,000.00</u>	<u>120,734.05</u>	<u>3,013,649.58</u>
Excess (Deficiency) of Revenues Over (Under)	<u>3,888.06</u>	<u>3,093.38</u>	<u>9,418.43</u>	<u>3,743.28</u>	<u>530.34</u>	<u>20,673.49</u>
Expenditures and Other Financing Sources (Uses)	<u>40,902.98</u>	<u>9,952.05</u>	<u>284,593.99</u>	<u>75,239.01</u>	<u>393.05</u>	<u>411,081.08</u>
Fund Balance, July 1	<u>\$ 44,791.04</u>	<u>\$ 13,045.43</u>	<u>\$ 294,012.42</u>	<u>\$ 78,982.29</u>	<u>\$ 923.39</u>	<u>\$ 431,754.57</u>
Fund Balance, June 30						

OCEAN CITY SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid
Budgetary Basis
For the Year Ended June 30, 2025

	Total		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 496,463.00	\$ 479,566.74	\$ 16,896.26
Other Salaries for Instruction	143,020.00	140,020.00	3,000.00
Other Purchased Services (400-500 series)	8,000.00	3,223.25	4,776.75
General Supplies	45,000.00	24,776.53	20,223.47
Other Objects	10,000.00	570.00	9,430.00
Total Instruction	<u>702,483.00</u>	<u>648,156.52</u>	<u>54,326.48</u>
Support Services:			
Salaries of Program Directors	29,904.00	29,904.00	-
Salaries of Other Professional Staff	42,256.00	42,253.40	2.60
Salaries of Secr and Clerical Assistants	21,034.00	16,722.40	4,311.60
Other Salaries	46,696.00	46,535.90	160.10
Salaries of Community Parent Involvement Spec.	9,360.00	9,360.00	-
Salaries of Master Teachers	38,146.00	38,145.80	0.20
Personal Services - Employee Benefits	336,652.00	333,937.49	2,714.51
Cleaning, Repair & Maintenance Svcs.	27,470.00	27,365.63	104.37
Contr Serv-Trans. (Field Trips)	2,500.00	1,248.54	1,251.46
Travel	-	-	-
Miscellaneous Purchased Services	-	-	-
Supplies and Materials	34,600.00	33,690.46	909.54
Total Support Services	<u>588,618.00</u>	<u>579,163.62</u>	<u>9,454.38</u>
Facilities Acquisition and Construction Services			
Instructional Equipment	4,500.00	-	4,500.00
Total Facilities Acquisition and Construction Ser.	<u>4,500.00</u>	<u>-</u>	<u>4,500.00</u>
Total Expenditures	<u>\$ 1,295,601.00</u>	<u>\$ 1,227,320.14</u>	<u>\$ 68,280.86</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2024-25 Preschool Aid Allocation	\$ 882,240.00	(1)
Add: Actual ECPA Carryover June 30, 2024	347,940.88	(2)
Add: Budgeted Transfer from the General Fund	191,152.00	(3)
Total Preschool Education Aid Funds Available for 2024-25 Budget	1,421,332.88	(4)
Less: 2024-25 Budgeted Preschool Education Aid	(1,295,601.00)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2025	125,731.88	(6)
Add: June 30, 2025 Unexpended Preschool Education Aid	68,280.86	(7)
2024-25 Actual Carryover - Preschool Education Aid	\$ 194,012.74	(8)
2024-25 Preschool Education Aid Carryover Budgeted for 2025-26	\$ 125,731.00	(9)

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LONG-TERM DEBT SCHEDULES

OCEAN CITY SCHOOL DISTRICT
Schedule of Obligations Under Lease Liability
As of June 30, 2025

Description	Amount of Original Issue	Balance July 1, 2024	Issued Current Year	Retired Current Year	Balance June 30, 2025
Other Financing Agreements					
Copier Lease	165,926	\$ 95,311.88	\$	33,463.12	\$ 61,848.76
Postage Machine	198,729	39,745.80		13,248.60	26,497.20
		<u>\$ 135,057.68</u>	<u>\$ -</u>	<u>46,711.72</u>	<u>88,345.96</u>

OCEAN CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ -	\$ -	\$ -		\$ -
Total - Local Sources	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal			-		-
Interest on Bonds			-		-
Total Regular Debt Service	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	0.50	-	0.50	0.50	-
Fund Balance, June 30	<u>\$ 0.50</u>	<u>\$ -</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ -</u>

Statistical Section

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

Exhibit J-1

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets										
Restricted	\$ 29,965,203	\$ 29,508,699	\$ 30,527,203	\$ 32,011,980	\$ 33,165,003	\$ 31,030,741	\$ 32,229,729	\$ 31,312,275	\$ 31,043,541	\$ 30,272,986
Unrestricted	10,749,296	13,676,641	13,638,351	12,180,126	12,430,922	13,700,740	13,914,687	13,578,047	13,969,781	13,227,862
Total governmental activities net position	(10,961,009)	(10,244,404)	(10,008,030)	(10,418,148)	(10,396,046)	(11,309,464)	(9,657,806)	(8,656,801)	(9,591,094)	(8,956,716)
	<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>	<u>35,422,228</u>	<u>34,544,133</u>
Business-type activities										
Net investment in capital assets										
Restricted	73,471	66,247	51,335	36,424	21,510	6,510	43,901	37,108	52,654	45,877
Unrestricted	24,651	40,214	(44,848)	(34,571)	(18,015)	(3,526)	123,940	26,796	(52,265)	(43,654)
Total business-type activities net position	<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>	<u>388</u>	<u>2,223</u>
District-wide										
Net investment in capital assets										
Restricted	30,038,674	29,574,946	30,578,538	32,048,404	33,186,513	31,037,251	32,273,630	31,349,383	31,096,195	30,318,863
Unrestricted	10,749,296	13,676,641	13,638,351	12,180,126	12,430,922	13,700,740	13,914,687	13,578,047	13,969,781	13,227,862
Total district net position	(10,936,358)	(10,204,190)	(10,052,878)	(10,452,719)	(10,414,061)	(11,312,990)	(9,533,866)	(8,630,005)	(9,643,359)	(9,000,370)
	<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>	<u>35,422,617</u>	<u>34,548,355</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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
Instruction:										
Regular	\$ 24,471,530	\$ 27,896,281	\$ 27,854,480	\$ 24,766,065	\$ 24,287,368	\$ 26,249,944	\$ 22,845,689	\$ 23,942,428	\$ 20,775,688	\$ 19,961,180
Special education	5,830,676	5,679,421	6,367,863	6,180,546	6,348,878	6,870,487	6,010,056	6,246,147	6,096,015	5,550,092
Other special education	2,688,661	3,166,396	3,164,497	2,765,276	2,574,867	2,491,045	2,247,110	2,407,839	2,018,117	2,063,929
Support Services:										
Tuition	329,177	391,950	246,014	393,566	392,526	239,258	343,261	220,671	122,788	235,862
Student & instruction related services	5,674,487	6,039,999	6,801,685	6,212,947	6,357,418	7,811,429	8,073,862	9,253,039	10,136,885	10,073,585
School administrative services	1,770,714	1,894,831	2,015,126	1,917,279	1,902,113	2,254,335	2,166,396	2,159,301	2,292,468	2,339,949
General Administration and Business Services	1,917,200	1,868,475	1,915,194	2,106,104	1,964,974	2,218,992	2,406,521	2,040,493	2,426,628	2,380,305
Plant operations and maintenance	10,305,036	6,484,717	6,994,299	7,767,795	6,124,273	11,790,830	6,718,829	6,847,654	6,994,828	7,280,597
Pupil transportation	904,599	994,939	1,278,994	1,090,053	974,617	886,400	1,057,893	1,354,201	1,583,502	1,488,266
Special schools	-	-	-	-	-	-	-	-	-	-
Charter Schools	29,937	18,909	31,025	30,300	42,726	18,584	58,229	51,474	17,858	-
Interest on long-term debt	1,863,992	230,574	115,067	11,712	(114,537)	(235,024)	(180,845)	165,006	156,915	150,282
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>55,786,009</u>	<u>54,686,492</u>	<u>56,784,244</u>	<u>53,251,643</u>	<u>51,049,223</u>	<u>60,596,280</u>	<u>51,746,991</u>	<u>54,688,253</u>	<u>52,625,692</u>	<u>51,504,046</u>
Business-type activities:										
Food service	668,641	684,952	715,381	709,751	652,456	656,757	845,967	776,971	861,665	740,389
Total business-type activities expenses	<u>668,641</u>	<u>684,952</u>	<u>715,381</u>	<u>709,751</u>	<u>652,456</u>	<u>656,757</u>	<u>845,967</u>	<u>776,971</u>	<u>861,665</u>	<u>740,389</u>
Total district expenses	<u>\$ 56,454,650</u>	<u>\$ 55,351,444</u>	<u>\$ 57,499,625</u>	<u>\$ 53,961,394</u>	<u>\$ 51,701,679</u>	<u>\$ 61,253,037</u>	<u>\$ 52,592,958</u>	<u>\$ 55,465,224</u>	<u>\$ 53,487,357</u>	<u>\$ 52,244,435</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	12,844,272	13,142,586	11,896,989	11,286,716	11,443,060	11,172,968	11,004,519	11,391,807	11,482,322	12,326,790
Operating grants and contributions	7,242,136	10,574,091	10,892,792	6,770,739	3,879,021	8,813,291	2,536,361	13,468,638	10,227,791	7,325,027
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>20,086,408</u>	<u>23,716,677</u>	<u>22,591,781</u>	<u>18,057,455</u>	<u>15,322,081</u>	<u>19,986,259</u>	<u>13,540,880</u>	<u>24,860,445</u>	<u>21,710,113</u>	<u>19,651,817</u>
Business-type activities:										
Charges for services:										
Food service	333,789	348,753	344,878	362,142	240,540	45,729	138,258	413,216	418,513	375,750
Operating grants and contributions	244,501	235,689	218,497	215,701	209,278	382,335	826,326	253,494	257,907	230,768
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	<u>578,290</u>	<u>584,452</u>	<u>563,375</u>	<u>577,843</u>	<u>449,818</u>	<u>428,064</u>	<u>964,584</u>	<u>666,710</u>	<u>676,420</u>	<u>606,519</u>
Total district program revenue	<u>20,664,698</u>	<u>24,301,129</u>	<u>23,155,156</u>	<u>18,635,298</u>	<u>15,771,899</u>	<u>20,414,323</u>	<u>14,505,464</u>	<u>25,527,155</u>	<u>22,386,533</u>	<u>20,258,336</u>
Net (Expense)/Revenue										
Governmental activities	(35,699,601)	(30,949,815)	(34,192,463)	(35,194,188)	(35,727,142)	(40,610,021)	(38,206,111)	(29,827,808)	(30,915,579)	(31,852,229)
Business-type activities	(90,351)	(100,500)	(152,006)	(131,908)	(202,638)	(228,693)	118,617	(110,261)	(185,245)	(133,870)
Total district-wide net expense	<u>\$ (35,789,952)</u>	<u>\$ (31,050,315)</u>	<u>\$ (34,344,469)</u>	<u>\$ (35,326,096)</u>	<u>\$ (35,929,780)</u>	<u>\$ (40,838,714)</u>	<u>\$ (38,087,494)</u>	<u>\$ (29,938,069)</u>	<u>\$ (31,100,824)</u>	<u>\$ (31,986,099)</u>

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

Exhibit J-2

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 21,965,332	\$ 22,080,211	\$ 22,382,710	\$ 22,612,380	\$ 22,734,817	\$ 23,189,513	\$ 23,653,303	\$ 24,126,369	\$ 24,608,896	\$ 25,348,983
Taxes levied for debt service	2,591,509	2,708,516	2,752,945	2,641,073	2,804,505	2,427,820	2,311,020	329,670	344,583	-
Unrestricted grants and contributions	9,536,554	9,101,521	9,949,955	9,392,318	11,715,743	12,524,078	15,080,821	4,702,453	4,870,272	5,178,995
Investment earnings	3,807	3,003	3,000	3,000	3,000	3,000	500			
Restricted revenue	364,839	344,010	370,442	281,850	243,742	148,812	6,435	416,227	380,535	566,156
Miscellaneous income	-	-	-	(120,000)	(348,743)	(220,000)	208,625			
Loss on Disposal of Capital Assets	(75,000)	(100,000)	(50,000)	(120,000)	(348,743)	(220,000)				
Transfers	34,387,041	34,137,261	35,409,052	34,810,621	37,153,064	38,073,223	41,270,704	29,574,719	30,204,286	31,094,134
Total governmental activities	\$ 34,474,734	\$ 34,246,100	\$ 35,461,084	\$ 34,937,894	\$ 37,357,344	\$ 38,301,405	\$ 41,316,944	\$ 29,581,043	\$ 30,226,016	\$ 31,109,536
Business-type activities:										
Investment earnings	804	1,151	2,032	7,273	19,280	8,182	2,549	6,324	15,685	15,704
Transfers	75,000	100,000	50,000	120,000	185,000	220,000	-			
Capital Assets Adjustment	11,909	7,688	-	-	-	-	43,691		6,045	-
Total business-type activities	87,713	108,839	52,032	127,273	204,280	228,182	46,240	6,324	21,730	15,704
Total district-wide	\$ 34,562,447	\$ 34,354,939	\$ 35,513,116	\$ 35,065,167	\$ 37,561,624	\$ 38,529,587	\$ 41,363,184	\$ 29,587,367	\$ 30,247,746	\$ 31,125,240
Changes in Net Position										
Governmental activities	(1,312,560)	3,187,446	1,216,589	(383,567)	1,425,922	(2,536,796)	3,064,593	(253,089)	(711,293)	(758,095)
Business-type activities	(2,638)	8,339	(99,974)	(4,635)	1,643	(511)	164,857	(103,937)	(163,516)	(118,166)
Total district	\$ (1,315,198)	\$ 3,195,785	\$ 1,116,615	\$ (388,202)	\$ 1,427,565	\$ (2,537,307)	\$ 3,229,450	\$ (357,026)	\$ (874,809)	\$ (876,261)

Source: ACFR Schedule A-2

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

Exhibit J-3

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted										
Committed	\$ 3,651,712	\$ 4,095,915	\$ 2,872,685	\$ 1,791,842	\$ 1,837,759	\$ 1,856,917	\$ 1,841,146	\$ 1,902,169	\$ 1,792,386	\$ 1,561,151
Assigned	6,633,502	9,571,502	10,738,234	10,466,234	10,644,234	11,456,593	11,623,528	11,696,818	11,112,103	10,654,487
Unassigned	203,125	346,587	703,768	95,501	82,350	304,858	307,042	562,131	654,211	580,469
	476,685	504,573	580,027	658,336	646,947	1,737,665	1,471,550	770,004	756,647	855,458
Total general fund	<u>10,965,024</u>	<u>14,518,577</u>	<u>14,894,714</u>	<u>13,011,913</u>	<u>13,211,290</u>	<u>15,356,033</u>	<u>15,243,266</u>	<u>14,931,122</u>	<u>14,315,347</u>	<u>13,651,565</u>
All Other Governmental Funds										
Restricted:										
Capital Projects Fund	541,895	-				387,230	450,013	359,365	-	-
Special revenue fund									411,081	431,755
Debt Service Fund	31,095	131,642							1	1
Total all other governmental funds	<u>\$ 572,990</u>	<u>\$ 131,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,230</u>	<u>\$ 450,013</u>	<u>\$ 359,365</u>	<u>\$ 411,082</u>	<u>\$ 431,755</u>

Source: ACFR Schedule B-1

Ocean City School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years **Exhibit J-4**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax Levy	24,556,841	24,788,727	25,135,655	25,253,453	25,539,322	25,617,333	25,964,323	24,456,039	24,953,479	25,348,983
Tuition charges	12,642,622	13,344,236	11,698,989	11,286,716	11,443,060	11,172,968	11,004,519	11,391,807	11,482,322	12,326,790
Interest earnings	3,807	3,003	3,000	3,000	3,000	3,000	500	500	500	500
Restricted revenue							6,435	-	6,953	72,356
Miscellaneous	397,395	423,151	427,788	419,536	480,701	576,977	785,048	1,042,338	1,255,763	1,397,755
State sources	9,527,934	9,103,175	9,932,520	11,041,953	11,526,964	13,116,422	15,667,835	15,937,723	16,938,774	17,313,983
Federal sources	970,913	946,449	865,983	944,267	931,799	986,344	1,476,587	1,815,650	2,674,821	1,167,352
Total revenue	48,099,512	48,608,741	48,063,935	48,948,925	49,924,846	51,483,044	54,905,247	54,644,057	57,312,612	57,627,718
Expenditures										
Instruction:										
Regular instruction	14,073,893	14,025,129	14,423,227	14,568,061	14,651,927	14,270,607	15,278,910	15,404,455	15,451,346	15,820,880
Special education instruction	3,353,297	3,297,041	3,300,708	3,635,562	3,830,110	3,735,098	4,019,450	4,018,744	4,535,231	4,398,905
Other special education instruction	1,546,283	1,591,937	1,638,687	1,638,373	1,553,349	1,354,240	1,502,839	1,549,193	1,500,919	1,635,833
Support Services:										
Tuition	329,177	391,950	246,014	393,566	392,526	239,258	343,261	220,671	122,788	235,862
Student & instruction related services	3,859,313	3,970,868	4,221,073	4,168,414	4,355,393	4,764,893	5,231,712	6,281,425	6,605,338	6,376,115
General administrative services	713,854	689,299	781,971	805,128	709,429	849,157	942,225	865,158	831,715	866,136
School administrative services	1,204,293	1,231,716	1,250,737	1,286,348	1,264,528	1,382,921	1,403,787	1,485,841	1,493,510	1,481,080
Business administrative/central services	590,067	525,285	544,842	605,182	596,889	504,407	617,146	520,031	749,198	640,487
Plant operations and maintenance	4,039,104	3,968,071	4,051,877	4,707,207	4,236,018	4,358,453	4,533,829	5,087,170	4,857,122	5,268,350
Pupil transportation	904,599	994,939	1,056,835	1,084,115	974,617	886,400	1,057,893	1,354,201	1,583,502	1,488,266
Unallocated employee benefits	10,109,116	11,089,634	12,323,420	13,559,855	13,525,570	14,679,473	16,818,208	17,280,461	18,276,287	18,919,648
Charter schools	29,937	18,909	31,025	30,300	42,726	18,584	58,229	51,474	17,858	-
Capital outlay	5,068,559	851,891	1,014,437	1,537,867	489,814	405,926	299,016	467,899	1,256,808	868,796
Debt service:										
Principal	2,210,000	2,170,000	2,255,000	2,350,000	2,484,000	2,210,000	2,195,000	315,000	337,000	-
Interest and other charges	714,655	568,351	499,205	421,455	320,505	217,820	266,486	165,136	158,049	150,466
Total Expenditures	48,746,147	45,385,020	47,639,058	50,791,433	49,427,401	49,877,237	54,567,991	55,046,859	57,776,670	58,150,826
Excess (Deficiency) of revenues over (under) expenditures	(646,635)	3,223,721	424,877	(1,842,508)	497,445	1,605,807	337,256	(402,802)	(464,058)	(523,108)
Other Financing Sources (Uses)										
Transfer in	400,807	530,382	-	-	-	101,336	103,048	157,524	166,752	191,152
Transfer out	(475,807)	(630,382)	(50,000)	(120,000)	(348,743)	(321,336)	(103,048)	(157,524)	(266,752)	(311,152)
Bond Proceeds										
Total other financing sources (uses)	(75,000)	(100,000)	(50,000)	(120,000)	(348,743)	(220,000)	-	-	-	-
Net change in fund balances	(721,635)	3,123,721	374,877	(1,962,508)	148,702	1,385,807	337,256	(402,802)	(564,058)	(643,108)
Debt service as a percentage of noncapital expenditures	6.70%	6.15%	5.91%	5.63%	5.73%	4.91%	4.54%	0.88%	0.88%	0.26%

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
2016	\$		\$	\$	\$	367,839
2017	3,000				364,839	367,839
2018	3,000				355,526	358,526
2019	3,000				370,442	373,442
2020	78,443				206,407	284,850
2021	3,000				243,742	246,742
2022	83,844	36,247	21,456	8,359	1,906	151,812
2023	39,074				176,486	215,560
2024	500				373,082	373,582
2025	500		35,493	3,249	1,223,974	1,263,216
	500		63,390	3,897	1,402,823	1,470,610

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	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	County Equalized Value
2016	\$ 160,014,800	\$ 10,734,629,900	\$ 495,865,000	\$ 733,300	\$ 43,206,000	\$ 11,434,449,000	\$ 2,873,724	\$ 11,437,322,724	0.218	\$ 11,572,723,590
2017	162,585,800	10,848,470,000	499,578,900	733,300	42,637,800	11,554,005,800	2,812,574	11,556,818,374	0.217	11,693,633,891
2018	148,185,400	10,992,102,900	507,123,200	733,300	41,457,500	11,689,602,300	2,842,086	11,692,444,386	0.218	11,830,865,512
2019	137,565,900	11,134,348,800	512,008,800	733,300	41,110,000	11,825,766,800		11,825,766,800	0.236	11,965,766,265
2020	171,193,900	11,216,491,300	503,633,900	733,300	41,110,000	11,933,162,400		11,933,162,400	0.216	13,207,646,635
2021	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
2022	167,324,600	11,584,927,900	510,707,000	733,300	33,851,500	12,297,544,300		12,297,544,300	0.215	15,482,298,142
2023	143,371,700	11,865,566,100	514,492,100	733,300	33,491,500	12,557,654,700		12,557,654,700	0.199	18,694,881,189
2024	115,871,600	12,109,763,500	514,671,400	733,300	33,491,500	12,774,531,300		12,774,531,300	0.198	21,566,015,571
2025	113,569,000	12,284,272,400	519,277,300	733,300	31,370,000	12,949,222,000		12,949,222,000	0.203	23,471,135,408

Source: County Abstract of Ratables & Municipal Tax Assessor

Ocean City School District
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Ocean City School District			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	Municipal Library	Municipal Local Purpose	
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	0.023	0.236	0.237	0.011	0.035	0.459	0.978
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
2024	0.198	-	0.198	0.318	0.017	0.055	0.534	1.122
2025	0.203	-	0.203	0.307	0.018	0.060	0.572	1.160

Source: District Records and Municipal Tax Collector

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

Exhibit J-8

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
600 Boardwalk LLC	\$ 15,806,800	1	0.12%			
Raab Family, LLC	15,646,300	2	0.12%	\$ 5,847,200	10	0.05%
OC Boardwalk Holdings, LLC	12,415,100	3	0.10%			
Port-O-Call Associates	12,367,700	4	0.10%	9,890,000	3	0.09%
Berman H & 1200 Boardwalk Shop	11,806,100	5	0.09%	11,806,100	2	0.10%
Magton, Inc.	10,216,800	6	0.08%	9,856,900	4	0.09%
Individual Taxpayer	10,202,800	7	0.08%	6,368,000	7	0.06%
Plymouth Holdings, LLC	9,496,800	8	0.07%			
Individual Taxpayer	9,103,600	9	0.07%			
V2 Properties Entity 7 LLC	8,193,700	10	0.06%			
Gilamco, Inc.				12,672,600	1	0.11%
YFP Ocean City, LLC				6,800,000	5	0.06%
Gillian Brothers, Inc.				6,370,500	6	0.06%
OC 34 Associates, LLC				6,249,000	8	0.05%
Individual Taxpayer				6,184,900	9	0.05%
Totals	\$ 115,255,700		0.89%	\$ 82,045,200		0.72%
	District Assessed Value		\$ 12,949,222,000			\$ 11,434,449,000

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	
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%	-
2024	24,953,479	24,953,479	100%	-
2025	25,348,983	25,348,983	100%	-

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	*
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2016	\$ 14,316,000			\$ 14,316,000	2.41%	1,272
2017	12,146,000			12,146,000	1.96%	1,089
2018	9,891,000			9,891,000	1.54%	897
2019	7,541,000			7,541,000	1.10%	687
2020	5,057,000			5,057,000	0.68%	464
2021	2,847,000			2,847,000	0.35%	254
2022	652,000	222,101		874,101	0.11%	77
2023	337,000	180,469		517,469	0.06%	46
2024	-	135,058		135,058	0.02%	12
2025	-	88,346		88,346	0.01%	8

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			
2016	14,316,000	-	14,316,000	0.13%	52,828
2017	12,146,000	-	12,146,000	0.11%	55,496
2018	9,891,000	-	9,891,000	0.09%	58,051
2019	7,541,000	-	7,541,000	0.06%	62,184
2020	5,057,000	-	5,057,000	0.04%	67,991
2021	2,847,000	-	2,847,000	0.02%	73,283
2022	652,000	-	652,000	0.01%	73,240
2023	337,000	-	337,000	0.00%	78,960
2024	-	-	-	0.00%	78,960
2025	-	-	-	0.00%	78,960

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, 2024 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	\$ 241,401,129	100.00%	\$ 241,401,129
Other Debt			
County of Cape May	344,761,536	24.55%	84,623,906
Subtotal, Overlapping Debt			326,025,036
City of Ocean City School District Direct Debt			-
Total Direct and Overlapping Debt			\$ 326,025,036

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

Exhibit J-13

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

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

Exhibit J-14

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2016	11,251	594,367,828	52,828	10.0%
2017	11,158	619,224,368	55,496	9.4%
2018	11,029	640,244,479	58,051	8.5%
2019	10,981	682,842,504	62,184	7.2%
2020	10,902	741,237,882	67,991	14.6%
2021	11,190	820,036,770	73,283	9.9%
2022	11,303	827,831,720	73,240	7.1%
2023	11,242	887,668,320	78,960	7.9%
2024	11,219	885,852,240	78,960	8.0%
2025	11,219	885,852,240	78,960	Not Available

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

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

Exhibit J-15

Employer	2025			2016		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ocean City Board of Education	<i>Information not available</i>					
City of Ocean City						
Methodist Homes for the Aged						
Super Fresh Market						
Port-O-Call Hotel						
Perry-Egan Chevrolet						
Acme Markets						
Ford Scott & Associates	-		0.00%	-		100.00%
McDonald's Restaurant						
Totals						

Source: District Records (2025) and City of Ocean City (2025)

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

Exhibit J-16

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction:										
Regular instruction	153.0	152.4	151.4	151.0	141.0	144.0	153.5	153.5	155.2	150.0
Other instruction	45.3	45.7	43.6	46.0	44.0	44.0	42.7	50.6	45.7	47.0
Support Services:										
Student & instruction related services	34.4	36.0	42.6	42.6	55.0	53.0	57.0	62.5	65.0	63.0
General administrative services	3.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0
School administrative services	16.0	14.0	14.0	14.0	14.0	12.0	12.0	12.0	12.0	12.0
Business administrative services	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0
Plant operations and maintenance	35.0	35.0	35.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Pupil transportation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Food Service										
Total	294.7	296.1	299.6	302.6	303.0	303.0	315.2	328.6	326.9	321.0

Source: District Personnel Records

Ocean City School District
Operating Statistics,
Last Ten Fiscal Years

Exhibit J-17

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
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	2,059	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	1,850	1,740	-4.15%	94.05%
2024	1,818.0	56,024,814	30,817	5.95%	188.0	8:0:1	9:0:1	12:0:1	1,818	1,708	-1.73%	93.95%
2025	1,716.0	57,131,563	33,293	8.04%	182.5	8:0:1	9:0:1	12:0:1	1,703	1,609	-6.33%	94.48%

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

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

Exhibit J-18

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>District Buildings</u>										
<u>Elementary</u>										
Ocean City Primary School										
Square Feet	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031	60,031
Capacity (students)	461	461	461	461	461	461	461	461	461	461
Enrollment	441	361	347	321	321	307	296	299	293	287
<u>Middle School</u>										
Ocean City Intermediate School										
Square Feet	102,448	102,448	102,448	102,448	102,448	102,448	102,448	102,448	102,448	102,448
Capacity (students)	707	707	707	707	707	707	707	707	707	707
Enrollment	451	533	529	537	537	470	416	351	350	321
<u>High School</u>										
Ocean City High School										
Square Feet	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770	232,770
Capacity (students)	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338
Enrollment	1,252	1,235	1,254	1,241	1,241	1,268	1,218	1,211	1,175	1,110

Number of Schools at June 30, 2025

- 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)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Ocean City Primary School	N/A	84,915	75,163	107,239	324,566	126,439	104,437	113,322	150,818	109,515	148,463
Ocean City Intermediate School	N/A	211,416	193,022	242,359	303,474	312,343	265,869	301,022	251,311	287,958	214,464
Ocean City High School	N/A	416,587	320,135	388,325	511,208	482,361	449,448	487,311	741,968	466,722	895,256
Total School Facilities		712,918	588,320	737,923	1,139,248	921,143	819,754	901,655	1,144,097	864,195	1,258,183
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		712,918	588,320	737,923	1,139,248	921,143	819,754	901,655	1,144,097	864,195	1,258,183

Source: District Records

Ocean City School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2025
(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



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, 2025, 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 November 28, 2025.

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

November 28, 2025



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, 2025. 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.

It should be noted that as of the date of this report the OMB has not yet issued the final 2025 *OMB Compliance Supplement*, however a draft has been provided, and we have conducted our testing of compliance and internal controls based on that draft. The final 2025 *OMB Compliance Supplement* is in the process of being cleared by OMB Leadership. OMB Staff has informed the American Institute of Certified Public Accountants that no significant changes are expected in that clearance process. When the Final *OMB Compliance Supplement* is issued, we will evaluate any significant changes to the draft and if there is determined to be a material effect related to this audit, we will re-issue this report as deemed appropriate.

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, 2025.

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.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

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

November 28, 2025

CITY OF OCEAN CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Financial Assistance
for the Fiscal Year ended June 30, 2025

K-3

Federal Grantor/Pass-Through Grantor/Program Title	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2024 Accounts Receivable	Unearned Revenue	Cash Received	Pass Through	Source Direct	Adjustments	Unearned Revenue	Balance at June 30, 2025 (Accounts Receivable)
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Enterprise Fund:											
Food Distribution Program	25.1N304N1099	7/1/24 - 6/30/25	29,550 \$	- \$	-	29,550.09 \$	(29,550.09)	\$	(29,550.09)	\$	- \$
Summer EBT Administrative Cost Reimbursement	202424N180341	7/1/24 - 6/30/25	643	-	-	643.00	(643.00)				(1,454.17)
School Breakfast Program	25.1N304N1099	7/1/24 - 6/30/25	21,093	-	-	19,639.02	(21,093.19)				-
National School Lunch Program	24.1N304N1099	7/1/23 - 6/30/24	22,130	(3,613.34)	-	3,613.34	(172,084.03)				(10,662.74)
National School Lunch Program	25.1N304N1099	7/1/24 - 6/30/25	172,084	(25,298.06)	-	25,298.06	(223,370.31)				-
National School Lunch Program	24.1N304N1099	7/1/23 - 6/30/24	148,669	(28,911.40)	-	240,164.80	(223,370.31)				(12,116.91)
Total Child Nutrition Cluster				(28,911.40)	-	240,164.80	(223,370.31)				(12,116.91)
Total Enterprise Fund				(28,911.40)	-	240,164.80	(223,370.31)				(12,116.91)
U.S. Department of Health and Human Services											
Passed-through State Department of Health and Human Services											
Medical Assistance	N/A	7/1/24 - 6/30/25	11,900	-	-	11,899.91	(11,899.91)				-
Total General Fund				-	-	11,899.91	(11,899.91)				-
U.S. Department of Education											
Passed-through State Department of Education:											
Special Revenue Fund:											
Title I, Part A	S010A240030	7/1/23 - 9/30/24	280,056	(133,072.00)	-	133,072.00	(237,375.33)		0.33	A	-
Title I, Part A	S010A250030	7/1/24 - 9/30/25	271,630	-	-	170,902.00	(237,375.33)		0.33	A	(66,473.00)
Total Title I				(133,072.00)	-	303,974.00	(237,375.33)				(66,473.00)
Title II	S367A250029	7/1/24 - 9/30/25	29,877	-	-	29,877.00	(29,877.00)				-
Total Title II				-	-	29,877.00	(29,877.00)				-
Title III	S365A240030	7/1/23 - 9/30/24	14,520	(3,927.00)	-	3,927.00	(1,452.00)				-
Title III - Immigrant	S365A250030	7/1/24 - 9/30/25	1,009	-	-	18,153.00	(19,104.57)		(0.43)	A	(1,452.00)
Title III	S365A250030	7/1/24 - 9/30/25	22,160	(3,927.00)	-	22,080.00	(20,556.57)		(0.43)	A	(652.00)
Total Title III				(3,927.00)	-	22,080.00	(20,556.57)				(2,404.00)
Title IV	S424A250031	7/1/24 - 9/30/25	19,917	-	-	17,720.00	(19,917.00)				-
Total Title IV				-	-	17,720.00	(19,917.00)				(2,197.00)
I.D.E.A. Part B - Basic	H027A240100	7/1/23 - 9/30/24	641,626	(307,952.29)	-	307,952.00	(536,217.47)		0.29	A	0.00
I.D.E.A. Part B - Basic	H027A250100	7/1/24 - 9/30/25	581,376	-	-	459,460.00	(17,458.00)		0.47	A	(76,757.00)
I.D.E.A. Part B - Preschool	H173A240114	7/1/23 - 9/30/24	17,458	(17,458.00)	-	17,458.00	(16,595.00)				-
I.D.E.A. Part B - Preschool	H173A250114	7/1/24 - 9/30/25	16,595	-	-	13,995.00	(552,812.47)				(2,600.00)
Total Special Education Cluster				(325,410.29)	-	798,865.00	(552,812.47)		0.76	A	(79,357.00)
CRSSA - Mental Health	S425D210027	3/13/20 - 9/30/23	45,000	-	-	(0.90)	(25,726.19)		0.90	A	-
ARP - ESSER	S425U210027	3/13/20 - 9/30/24	1,861,932	(314,341.25)	-	340,067.81	(56,725.00)		(0.37)	A	0.00
ARP - Accelerated Learning	S425U210027	3/13/20 - 9/30/24	126,009	(56,725.00)	-	56,725.00	(10,243.00)				-
ARP - Summer Learning	S425U210027	3/13/20 - 9/30/24	40,000	(1,854.54)	-	10,243.00	(35,969.19)		(0.46)	A	0.00
ARP - Beyond the School Day	S425U210027	3/13/20 - 9/30/24	40,000	(14,359.00)	-	14,359.00	(896,507.56)				-
ARP - Mental Health	S425U210027	3/13/20 - 9/30/24	45,000	(387,279.79)	-	423,248.91	(5,034.24)		0.07	A	0.00
Total ESSER Cluster				(387,279.79)	-	423,248.91	(5,034.24)				-
ACRSERS - Special Education	S425D200027	7/1/22 - 6/30/23	90,615	-	-	5,034.24	(896,507.56)		(0.24)	A	5,034.00
Total Special Revenue Fund				(849,689.08)	-	1,600,799.15	(896,507.56)		0.49	A	(150,431.00)
Total Federal Financial Assistance				\$ (878,600.48)	\$ -	\$ 1,852,863.86	\$ (1,131,777.78)		0.49	A	\$ (162,547.91)

CITY OF OCEAN CITY SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2025

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Balance at June 30, 2024		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments / Reapportionment of Prior Years' Balances	Balance at June 30, 2025			MEMO	
			Unearned Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education General Fund: <i>State Aid Public Cluster:</i> Special Education Aid School Choice Aid Security Aid	25-496-034-5121-089	1,175,389	-	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	25-496-034-5121-088	3,129,750	-			1,175,389.00	(1,175,389.00)					(117,538.90)	1,175,389.00
	25-496-034-5121-084	203,070	-			3,129,750.00	(3,129,750.00)					(287,324.20)	3,129,750.00
						203,070.00	(203,070.00)					(20,307.00)	203,070.00
Total State Aid Public Cluster													
Transportation Aid	25-496-034-5121-014	252,189	-			4,508,209.00	(4,508,209.00)					(425,170.10)	4,508,209.00
	24-496-034-5120-014	24,115	(24,115.00)			252,189.00	(252,189.00)					(25,218.90)	252,189.00
Non-public Transportation Aid	25-496-034-5120-014	22,883	-			24,115.00	(22,883.00)						22,883.00
	24-100-034-5120-044	322,059	(322,059.00)			322,059.00	(407,493.00)					(407,493.00)	407,493.00
Extraordinary Aid	25-100-034-5120-044	407,493	-			7,340,780.00	(7,340,780.00)						7,340,780.00
	25-496-034-5094-002	7,340,780	-			2,144,982.00	(2,144,982.00)						2,144,982.00
On-Behalf TPAF Payments - Pension Contribution	25-496-034-5094-001	2,144,982	-			1,535,883.84	(1,615,990.40)						1,615,990.40
	25-496-034-5094-003	1,586,627	(4,708.45)			1,535,883.84	(1,615,990.40)						1,615,990.40
Long-Term Disability Insurance	24-496-034-5094-003	1,615,990	-			16,135,852.29	(16,295,452.40)					(450,389.00)	16,295,452.40
	25-496-034-5094-003	1,615,990	(350,882.45)										
Total General Fund													
Special Revenue Fund:	24-496-034-5121-086	1,000,512	347,940.88		(347,940.88)	1,073,392.00	(1,227,320.14)			194,012.74		(88,224.00)	1,227,320.14
	25-496-034-5121-086	1,073,392	-										
NJ Nonpublic Aid:	24-100-034-5120-064	6,533	-	4,345.00		5,983.00	(5,983.00)	(4,345.00)					5,983.00
	25-100-034-5120-064	5,983	-					(6,537.00)					
Textbook Aid	24-100-034-5120-373	5,537	-	5,537.00		5,733.00	(58.24)	0.24	A				58.24
	25-100-034-5120-373	5,733	-			23,165.64		(23,165.64)					
Technology Aid	24-100-034-5120-509	23,165	-	23,165.64		23,985.00							
	25-100-034-5120-509	23,985	-										
Security Aid	24-100-034-5120-509	23,985	95,756.73					(95,756.73)	A				
	25-100-034-5120-509	104,887	-										
SDA Grant													
Total Special Revenue Fund			443,697.61	33,047.64	-	1,109,093.00	(1,253,361.38)	(128,804.13)		194,012.74	29,660.00	(88,224.00)	1,233,361.38
State Department of Agriculture:													
Enterprise Fund:	25-100-010-3350-023	7,141	-			6,677.34	(7,140.75)	(463.41)					7,140.75
	25-100-010-3350-023	257	-			246.20	(257.23)	(11.03)					257.23
National School Lunch Program (State Share)	24-100-010-3350-023	6,862	(1,157.74)			1,157.74							
	24-100-010-3350-023	221	(41.40)			41.40							
National School Breakfast Program (State Share)	24-100-010-3350-023	221	(1,199.14)			8,122.68	(7,397.99)	(474.44)					7,397.98
	25-100-010-3350-023												
Total Enterprise Fund													
Total State Financial Assistance			\$ 91,616.02	\$ 33,047.64	\$ -	\$ 17,253,067.97	\$ (17,536,211.76)	(128,804.13)	\$ (510,957.00)	\$ 194,012.74	\$ 29,660.00	\$ (538,613.00)	\$ 17,536,211.76
Less: On-Behalf System Contributions	25-496-034-5094-002	7,340,780				7,340,780.00	(7,340,780.00)						
	25-496-034-5094-001	2,144,982				2,144,982.00	(2,144,982.00)						
Post-Retirement Medical	25-496-034-5094-001	2,144,982				2,144,982.00	(2,144,982.00)						
	25-496-034-5094-004	2,926				2,926.00	(2,926.00)						
Total for State Financial Assistance-Major Program Determination													
A: Transfer to General Fund						\$ 7,764,379.97	\$ (8,047,523.76)						

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

**OCEAN CITY SCHOOL DISTRICT
NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2025**

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 (\$23,706.00) for the general fund and \$258,944.72 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	\$ 11,899.91	16,295,452.40	(9,488,688.00)	6,818,664.31
Special Revenue Fund	896,507.56	1,233,361.38		2,129,868.94
Food Service Fund	223,370.31	7,397.98		230,768.29
Total Financial Assistance	\$ 1,131,777.78	17,536,211.76	(9,488,688.00)	9,179,301.54

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, 2025
(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, 2025. 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, 2025.

**OCEAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2025**

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:

AL Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
		<u>Special Education Cluster (IDEA):</u>
84.027A	H027A250100	I.D.E.A. Part B, Basic
84.173A	H173A250114	I.D.E.A. Part B, Preschool

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

**OCEAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2025
(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>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5094-003	Reimbursed TPAF Social Security Contributions
495-034-5120-014	Transportation 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, 2025
(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, 2025
(CONTINUED)**

Exhibit K-7

STATUS OF PRIOR YEAR FINDINGS

Federal:

No matters were reported.

State:

No matters were reports.

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