

**SCHOOL DISTRICT  
OF  
SEA ISLE CITY**

**For The Fiscal Year Ended June 30, 2012**

**Sea Isle City Board of Education  
Cape May County, New Jersey**

**Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2012**



# **Comprehensive Annual Financial Report**

**of the**

**Sea Isle City Board of Education**

**Cape May County, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

**Prepared by**

**Sea Isle City Board of Education**

**Finance Office**



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# **Introductory Section**

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## SEA ISLE CITY BOARD OF EDUCATION

4501 Park Road  
Sea Isle City, New Jersey 08243

November 9, 2012

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Sea Isle City Public School District for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Sea Isle City 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 CAFR 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 principle officials. The financial section includes the financial statements and schedules, management's discussion and analysis, 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 1984 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. 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.

### REPORTING ENTITY AND ITS SERVICES:

The Sea Isle City Public School District is an independent reporting entity with the criteria set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Sea Isle City Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels prekindergarten through fourth grade. These include regular, as well as, special education for handicapped children. The District completed the 2011-2012 fiscal year with a daily average enrollment of 41 students. The following details the average daily enrollment over the past ten years with corresponding percent increase or (decrease).

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Change</u>	<u>Percent Change</u>
2011-2012	41	-7	(14.58)%
2010-2011	48	-12	(20.00)%
2009-2010	60	-7	(10.44)%
2008-2009	67	-12	(15.19)%
2007-2008	79	-13	(14.13)%
2006-2007	92	-1	(1.08)%
2005-2006	93	-15	(13.9)%
2004-2005	108	-26	(19.40)%
2003-2004	134	-10	(6.94)%
2002-2003	144	-36	(20.00)%

During 2011/2012, grades 4 through 12 attend Ocean City Schools through a sending/receiving agreement. During the 2011-2012 school year, the District paid tuition for 97 students. The District is also responsible for tuition for special education students placed in the County Special Services School District and regular and special education students attending the County Vocational School.

Actual student enrollments throughout the school year fluctuate as a result of the real estate and rental property availability and cost within the community.

#### ECONOMIC CONDITION AND OUTLOOK:

According the U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, the City of Sea Isle City falls within the low-range as compared to other areas in the county.

As a resort community, the City of Sea Isle City maintains its tax structure based primarily on the tourism industry and real estate investment. This factor presents economic changes throughout the year for some individuals and most of the small businesses within the community. A large percentage of retired citizens on limited income impact the ability to raise funds through taxes, limiting resources from the families that reside year round in the city. This does not provide a positive outlook for future educational practices.

## MAJOR INITIATIVES:

Effective June 30, 2012, the Commissioner of education recommended to the State Board that it order Ocean City to expand the send/receive relationship with Sea Isle City to K-12. This order subsequently has led to the closing of the Sea Isle City School.

The School Board is currently working on a plan for the building and is investigating its options.

In addition, an inter-local agreement to share administrative services between Ocean City Board of Education and the Sea Isle City Board of Education that was established July 1, 2010 continues through at least June 30, 2013.

## INTERNAL ACCOUNTING CONTROLS:

The Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is 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 District management.

As a part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

## BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of Sea Isle City. Annual appropriated budgets are adopted for the general fund and the special revenue 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, 2011.

#### ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements, Note 1."

#### DEBT ADMINISTRATION:

As of June 30, 2012, the Sea Isle City Public School District had no outstanding debt issues.

#### CASH MANAGEMENT:

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

#### RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, flood, hazard and theft insurance on property and contents and fidelity bonds.

#### OTHER INFORMATION:

Independent audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Ford, Scott & Associates, LLC was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 04-04. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Sea Isle City School Board of Education for their concern in providing fiscal accountability to the citizens and the 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,

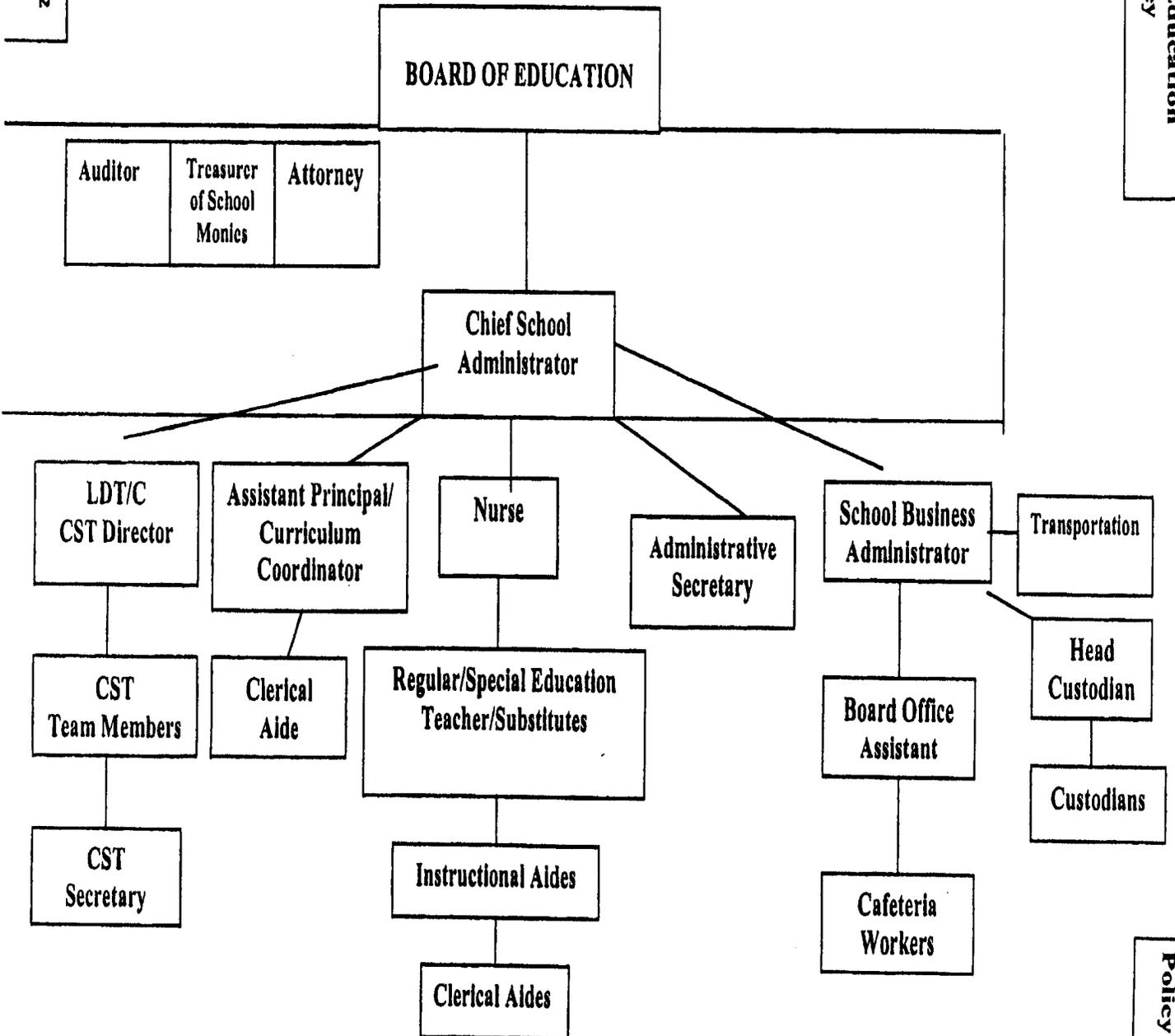
*Thomas P. Grossi*

School Business Administrator

# SEA ISLE CITY PUBLIC SCHOOL ORGANIZATION CHART

## LEADERSHIP TEAM AND SHARED DECISION MAKING

Approved: September 17, 2002  
Revised:



8

SEA ISLE CITY BOARD OF EDUCATION  
COUNTY OF CAPE MAY, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2012

**Members of the Board of Education**

**Term Expires**

Valerie Egnasko, President	2012
Daniel Tumolo, Vice President	2014
Lynn Shirk	2013
Margaret Lennon	2012
Mary Caruso	2013
John Birkmeyer	2012
Daniel Organ	2012
Barbara Drew	2012
Ellen Ramsey	2014

**Other Officials**

Dr. Kathleen W. Taylor, Chief School Administrator

Thomas P. Grossi, School Business Administrator/Board Secretary

Mary Izzi, Treasurer

**SEA ISLE CITY BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

**Ford, Scott & Associates, L.L.C.**  
Certified Public Accountants  
1535 Haven Avenue  
P.O. Box 538  
Ocean City, New Jersey 08226-0538

**ATTORNEY**

**Mark Toscano, Esquire**  
Comengno Law Group  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

**ARCHITECT OF RECORD**

**Garrison Architects**  
14000 S. Commerce Parkway  
Mount Laurel, NJ 08054

**OFFICIAL DEPOSITORY**

**First Bank of Sea Isle City**  
127 John F. Kennedy Boulevard  
Sea Isle City, NJ 08243

**MBIA**

113 King Street  
Armonk, NY 10504

## **Financial Section**

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1535 HAVEN AVENUE • PO BOX 538  
OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548  
MAYS LANDING, NJ 08330  
PHONE 609.625.0999 • FAX 609.625.2421

## **INDEPENDENT AUDITOR'S REPORT**

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

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 Board of Education of the Sea Isle City School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sea Isle City School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, of the Sea Isle City School District Board of Education, in the County of Cape May, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2012 on our consideration of the Sea Isle City School District Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considering is assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the U.S Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey Office of Management and Budget Circular 04-04 and is also not a required part of the basic financial statements. The introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining statements and major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

*Glen J. Ortman*

**Glen J. Ortman**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 853**

**November 9, 2012**

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

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**SEA ISLE CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

The discussion and analysis of Sea Isle City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- In total, net assets decreased \$125,949, which represents a 6 percent decrease from 2011.
- General revenues accounted for \$3,474,822 in revenue or 88 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$453,323 or 12 percent of total revenues of \$3,928,145.
- Total assets of governmental activities decreased by \$259,390 as cash and cash equivalents decreased by \$119,698, receivables decreased by \$58,519, other assets decreased by \$6,802 and capital assets decreased by \$74,371.
- The School District had \$4,054,094 in expenses; only \$453,323 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$3,474,822 and the budgeted use of prior fund balance were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$3,819,622 in revenues and other financing sources and \$4,005,998 in expenditures and other financing uses. The General Fund's fund balance decreased \$186,376 from 2011.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Sea Isle 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 Assets 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 the Sea Isle City School District, the General Fund and the Capital Projects Fund are the most significant funds.

**SEA ISLE CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Reporting the School District as a Whole**

Statement of Net Assets 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 ask the question, "How did we do financially during 2012?" The Statement of Net Assets 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 accounts 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 assets and changes in those assets. This change in net assets 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 Assets 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, extracurricular activities and internal services.
- 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 and Community Education enterprise funds are reported as business activities.

**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 and Capital Projects 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**SEA ISLE CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Reporting the School District's Most Significant Funds - Continued**

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 31 to 49 of this report.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2012 and 2011.

**Table 1  
Net Assets**

	2012	2011
<b>Assets</b>		
Current and Other Assets	\$ 887,208.85	\$ 1,062,424.26
Capital Assets	1,277,705.91	1,352,077.41
Total Assets	2,164,914.76	2,414,501.67
<b>Liabilities</b>		
Long-Term Liabilities	225,048.69	356,587.63
Other Liabilities	17,225.64	9,324.30
Total Liabilities	242,274.33	365,911.93
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	1,133,245.27	1,139,560.55
Restricted	516,173.01	439,180.94
Unrestricted	273,222.15	469,848.25
Total Net Assets	\$ 1,922,640.43	\$ 2,048,589.74

The District's combined net assets were \$1,922,640 on June 30, 2012. This is a decrease from 2011 of \$125,949.

**SEA ISLE CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**The School District as a Whole - Continued**

Table 2 shows changes in net assets for fiscal years 2012 and 2011.

**Table 2  
Changes in Net Assets**

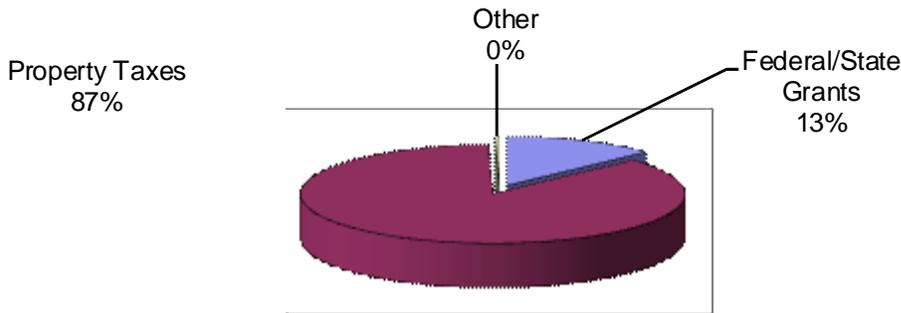
	2012	2011
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 7,747.52	\$ 6,757.26
Operating Grants and Contributions	445,575.49	456,744.73
General Revenues:		
Property Taxes	3,390,514.00	3,324,034.00
Grants and Entitlements	70,294.00	31,523.12
Other	14,014.17	12,181.01
Total Revenues	3,928,145.18	3,831,240.12
<b>Program Expenses</b>		
Instruction	724,282.23	927,016.05
Support Services:		
Tuition	2,102,408.61	1,792,164.15
Student and Instruction Related Services	359,464.42	354,863.94
General Administration, School Administration, Business Operations and Maintenance of Facilities	399,233.86	430,870.39
Pupil Transportation	330,525.82	242,339.82
Special Schools	19,005.00	-
Interest on Debt	8,323.86	11,143.33
Food Service	29,634.32	31,133.17
Other	81,216.37	174,039.63
Total Expenses	4,054,094.49	3,963,570.48
Increase/(Decrease) in Net Assets	\$ (125,949.31)	\$ (132,330.36)

**SEA ISLE CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Governmental Activities**

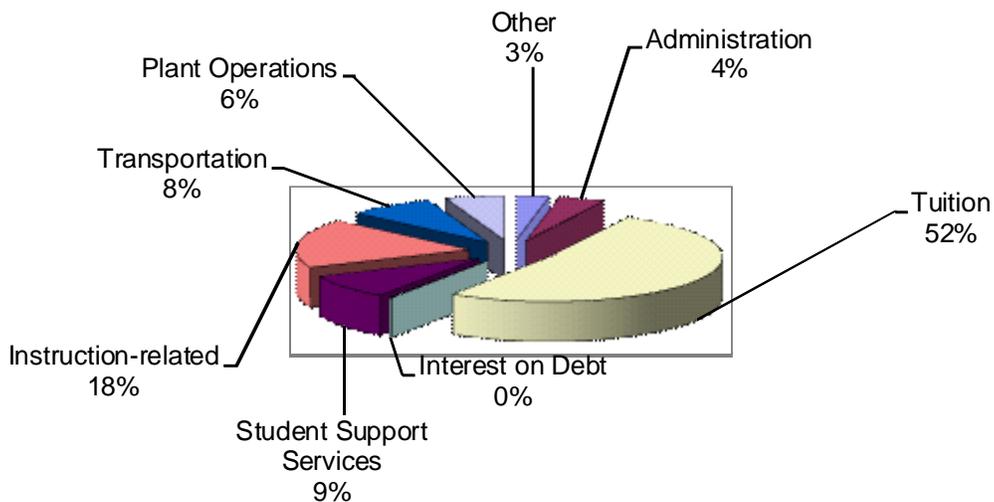
The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 87 percent of revenues for governmental activities for the Sea Isle City School District for fiscal year 2012. The District's total revenues were \$3,913,614 for the year ended June 30, 2012. Federal, state, and local grants accounted for another 13 percent of revenue.

**Sources of Revenue for Fiscal Year 2012**



The total cost of all program and services was \$4,049,460. Tuition comprises 52 percent of District expenses.

**Cost of Programs and Services for Fiscal Year 2012**



**SEA ISLE CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Business-Type Activities**

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

- Food service revenues exceeded expenses by \$9,803.
- Charges for services represent \$7,748 of revenue. This represents amounts paid by students for daily food service and revenues from the Community Education program. The Board contributed \$25,000 for food service operations during 2012.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$6,670.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3  
Costs of Services**

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	\$ 724,282.23	\$ 532,595.72	\$ 927,016.05	\$ 728,825.87
Support Services:				
Tuition	2,102,408.61	2,022,087.61	1,792,164.15	1,680,656.15
Pupils and Instructional Staff	359,464.42	296,041.47	354,863.94	297,535.68
General Administration, School Administration, and Business Operations	176,252.02	167,326.01	159,901.11	153,086.75
Operation & Maintenance of Facilities	222,981.84	222,981.84	270,969.28	198,077.92
Pupil Transportation	330,525.82	235,976.82	242,339.82	242,339.82
Interest and Fiscal Charges	8,323.86	8,323.86	11,143.33	11,143.33
Other	125,221.37	125,221.37	184,039.63	184,039.63
Total Expenses	<u>\$ 4,049,460.17</u>	<u>\$ 3,610,554.70</u>	<u>\$ 3,942,437.31</u>	<u>\$ 3,495,705.15</u>

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

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.

**SEA ISLE CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Governmental Activities - Continued**

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

"Other" includes the Board contribution to the food service and unallocated depreciation.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$3,913,708 and expenditures were \$4,100,084. The net negative change in fund balance for the year was significant in the General Fund, a decrease of \$186,376.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012, and the amount and percentage of total revenues compared to prior year revenues.

Revenue	2011-12 Amount	Percentage of Total	2010-11 Amount	Percentage of Total
Local Sources	\$ 3,407,508.63	87.06%	\$ 3,336,201.72	87.46%
State Sources	414,751.47	10.60%	394,448.28	10.34%
Federal Sources	<u>91,448.00</u>	<u>2.34%</u>	<u>83,807.00</u>	<u>2.20%</u>
Total	<u>\$ 3,913,708.10</u>	<u>100.00%</u>	<u>\$ 3,814,457.00</u>	<u>100.00%</u>

**SEA ISLE CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**The School District's Funds - Continued**

The following schedule represents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2012, and the percentage of total expenditures compared to prior year amounts.

<u>Expenditures</u>	<u>2011-12 Amount</u>	<u>Percentage of Total</u>	<u>2010-11 Amount</u>	<u>Percentage of Total</u>
Current Expense:				
Instruction	\$ 504,936.29	12.32%	\$ 593,119.86	15.32%
Undistributed				
Expenditures	3,407,155.94	83.10%	3,132,866.56	80.91%
Capital Outlay	74,901.09	1.83%	73,675.99	1.90%
Special Schools	19,005.00	0.46%	-	0.00%
Special Revenue	<u>94,086.00</u>	<u>2.29%</u>	<u>72,246.00</u>	<u>1.87%</u>
<b>Total</b>	<b>\$ <u>4,100,084.32</u></b>	<b><u>100.00%</u></b>	<b>\$ <u>3,871,908.41</u></b>	<b><u>100.00%</u></b>

**General Fund Budgeting Highlights**

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- The District realized Extraordinary Aid Revenue of \$80,321 and Nonpublic Transportation Aid of \$3,654. Neither amount was anticipated in the District's budget.
- The District utilized Federal Education Jobs funds in the FY 12 budget for Other Support Services Salaries in the amount of \$362.
- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

**SEA ISLE CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**General Fund Budgeting Highlights - Continued**

- Legal Services were above original budget levels by \$52,668.
- Various expenses were below anticipated levels. These amounts were available for transfers to other accounts nearing overexpenditure.

**Capital Assets**

At the end of the fiscal year 2012, the School District had \$1,277,706 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2012 balances compared to 2011.

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

	2012	2011
Land	\$ 12,650.00	\$ 12,650.00
Land Improvements	-	41.00
Buildings and Improvements	1,246,255.36	1,314,392.39
Machinery and Equipment	18,800.55	24,994.02
Total	\$ 1,277,705.91	\$ 1,352,077.41

Overall capital assets decreased \$74,372 from fiscal year 2011 to fiscal year 2012. For more detailed information, please refer to Note 6 in the Notes to the Basic Financial Statements.

**Debt Administration**

At June 30, 2012, the School District's overall available legal debt margin was \$140,194,671.

**For the Future**

The Sea Isle City School District is in good financial condition presently. The School District is proud of its community support of the public schools.

The District continues to provide quality education programs while continuing to stabilize the tax rate in Sea Isle City. In conclusion, the Sea Isle City School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning and budgeting controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

**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 the Business Office at the Sea Isle City Public School, 4501 Park Road, Sea Isle City, NJ 08243.

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## **BASIC FINANCIAL STATEMENTS**

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## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

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**SEA ISLE CITY SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 707,511.97	\$ 14,286.77	\$ 721,798.74
Receivables, Net	84,637.00	96.45	84,733.45
Due from Other Funds	62.66	(62.66)	-
Inventory		1,940.89	1,940.89
Restricted Assets:			
Cash and Cash Equivalents	0.70		0.70
Capital Reserve Account	65,045.32		65,045.32
Unamortized Debt Issuance Costs	13,689.75		13,689.75
Capital Assets			
Land and Land Improvements	12,650.00		12,650.00
Capital Assets being Depreciated, net	1,265,055.91		1,265,055.91
<b>Total Assets</b>	<b><u>2,148,653.31</u></b>	<b><u>16,261.45</u></b>	<b><u>2,164,914.76</u></b>
<b>LIABILITIES</b>			
Accounts Payable	5,137.60		5,137.60
Payable to Federal Government	3,335.04		3,335.04
Deferred Revenue	8,753.00		8,753.00
Noncurrent Liabilities:			
Due Within One Year	144,570.73		144,570.73
Due Beyond One Year	80,477.96		80,477.96
<b>Total Liabilities</b>	<b><u>242,274.33</u></b>	<b><u>-</u></b>	<b><u>242,274.33</u></b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,133,245.27		1,133,245.27
Restricted for:			
Capital Projects	65,046.02		65,046.02
Other Purposes	451,126.99		451,126.99
Unrestricted	256,960.70	16,261.45	273,222.15
<b>Total Net Assets</b>	<b><u>\$ 1,906,378.98</u></b>	<b><u>\$ 16,261.45</u></b>	<b><u>\$ 1,922,640.43</u></b>

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

**SEA ISLE CITY SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Function/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>								
<b>Instruction:</b>								
Regular	\$ 421,439.62	\$ 205,850.72	\$ -	\$ 81,660.41	\$ -	\$ (545,629.93)	\$ -	\$ (545,629.93)
Special Education	72,457.60	16,730.89	-	110,026.10	-	20,837.61	-	20,837.61
Other Special Instruction	7,803.40	-	-	-	-	(7,803.40)	-	(7,803.40)
<b>Support Services:</b>								
Tuition	2,102,408.61	-	-	80,321.00	-	(2,022,087.61)	-	(2,022,087.61)
Student & Instruction Related Services	326,298.19	33,166.23	-	63,422.95	-	(296,041.47)	-	(296,041.47)
School Administrative Services	8,810.10	4,293.31	-	1,703.14	-	(11,400.27)	-	(11,400.27)
Other Administrative Services	144,941.09	18,207.52	-	7,222.87	-	(155,925.74)	-	(155,925.74)
Plant Operation and Maintenance	182,521.51	40,460.33	-	94,549.00	-	(222,981.84)	-	(222,981.84)
Pupil Transportation	321,121.34	9,404.48	-	-	-	(235,976.82)	-	(235,976.82)
Special Schools	19,005.00	-	-	-	-	(19,005.00)	-	(19,005.00)
Unallocated Benefits	328,113.48	(328,113.48)	-	-	-	-	-	-
Interest on Long-Term Debt	8,323.86	-	-	-	-	(8,323.86)	-	(8,323.86)
Unallocated Depreciation and amortization	81,216.37	-	-	-	-	(81,216.37)	-	(81,216.37)
Total Governmental Activities	4,024,460.17	-	-	438,905.47	-	(3,585,554.70)	-	(3,585,554.70)
<b>Business-Type Activities:</b>								
Food Service	29,634.32	-	7,747.52	6,670.02	-	-	(15,216.78)	(15,216.78)
Community Education Program	-	-	-	-	-	-	-	-
Total Business-Type Activities	29,634.32	-	7,747.52	6,670.02	-	-	(15,216.78)	(15,216.78)
<b>Total Primary Government</b>	<b>\$ 4,054,094.49</b>	<b>\$ -</b>	<b>\$ 7,747.52</b>	<b>\$ 445,575.49</b>	<b>\$ -</b>	<b>\$ (3,585,554.70)</b>	<b>\$ (15,216.78)</b>	<b>\$ (3,600,771.48)</b>
<b>General Revenues:</b>								
Taxes:								
Property Taxes, Levied for General Purposes, Net						\$ 3,390,514.00	\$ -	\$ 3,390,514.00
Federal and State Aid not Restricted						70,294.00	-	70,294.00
Miscellaneous Income						11,510.55	19.54	11,510.55
Interest Earnings						2,484.08	-	2,484.08
Transfers						(25,000.00)	25,000.00	-
Special Items:								
None								
Total General Revenues, Special Items, Extraordinary Items and Transfers						3,449,802.63	25,019.54	3,474,822.17
Change in Net Assets						(135,752.07)	9,802.76	(125,949.31)
Net Assets - Beginning						2,042,131.05	6,458.69	2,048,589.74
Net Assets - Ending						\$ 1,906,378.98	\$ 16,261.45	\$ 1,922,640.43

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

## **FUND FINANCIAL STATEMENTS**

The individual fund financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

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**SEA ISLE CITY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 695,723.93	\$ 11,788.04	\$ -	\$ 707,511.97
Due from Other Funds	62.66			62.66
Receivables from Other Governments	84,337.00	300.00		84,637.00
Restricted Cash & Cash Equivalents	65,045.32		0.70	65,046.02
<b>Total Assets</b>	<b>\$ 845,168.91</b>	<b>\$ 12,088.04</b>	<b>\$ 0.70</b>	<b>\$ 857,257.65</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 4,720.60	\$ -	\$ -	\$ 4,720.60
Payable to Federal Government		3,335.04		3,335.04
Deferred Revenue		8,753.00		8,753.00
<b>Total Liabilities</b>	<b>4,720.60</b>	<b>12,088.04</b>	<b>-</b>	<b>16,808.64</b>
Fund Balances:				
Restricted for:				
Excess Surplus	91,122.99			91,122.99
Capital Projects			0.70	0.70
Committed for:				
Capital Reserve	65,045.32			65,045.32
Tuition Reserve	175,000.00			175,000.00
Emergency Reserve	171,067.00			171,067.00
Assigned to:				
Designated by BOE for Subsequent Expenditures	13,937.00			13,937.00
Unassigned				
General Fund	324,276.00			324,276.00
<b>Total Fund Balances</b>	<b>840,448.31</b>	<b>-</b>	<b>0.70</b>	<b>840,449.01</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 845,168.91</b>	<b>\$ 12,088.04</b>	<b>\$ 0.70</b>	

Amounts reported for *governmental activities* in the statement of net assets (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 \$2,759,517.27 and the accumulated depreciation is \$1,481,811.36. 1,277,705.91

Debt issuance costs are reported in the governmental fund as expenditures in the year the debt is issued but is amortized over the life of the capital lease on the statement of activities. (See Note 8) 13,689.75

Interest on long-term debt in the statement of activities is accrued, regardless of when due. (417.00)

Long-term liabilities, including capital leases and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (225,048.69)

Net assets of governmental activities \$ 1,906,378.98

**SEA ISLE CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
Local Sources:				
Local Tax Levy	\$ 3,390,514.00	\$ -	\$ -	\$ 3,390,514.00
Interest Earned on Capital Reserve Funds	2,484.08			2,484.08
Miscellaneous	11,510.55	3,000.00	-	14,510.55
Total Local Sources	3,404,508.63	3,000.00	-	3,407,508.63
State Sources	414,751.47	-	-	414,751.47
Federal Sources	362.00	91,086.00		91,448.00
Total Revenues	<u>3,819,622.10</u>	<u>94,086.00</u>	<u>-</u>	<u>3,913,708.10</u>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	468,857.29			468,857.29
Special Education Instruction	28,275.60	44,182.00		72,457.60
Other Special Instruction	7,803.40			7,803.40
Support Services:				
Tuition	2,102,408.61			2,102,408.61
Student & Instruction Related Serv.	276,914.19	49,904.00		326,818.19
School Administrative Services	8,810.10			8,810.10
Other Administrative Services	102,829.16			102,829.16
Plant Operation and Maintenance	191,741.69			191,741.69
Pupil Transportation	321,121.34			321,121.34
Business and Other Support Serv.	50,217.37			50,217.37
Employee Benefits	328,113.48			328,113.48
Capital Outlay	74,901.09		-	74,901.09
Special Schools	19,005.00			19,005.00
Total Expenditures	<u>3,980,998.32</u>	<u>94,086.00</u>	<u>-</u>	<u>4,075,084.32</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(161,376.22)</u>	<u>-</u>	<u>-</u>	<u>(161,376.22)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-		-	-
Transfer out	(25,000.00)		-	(25,000.00)
Cancellation of Grant Receivable			-	-
Total Other Financing Sources and Uses	<u>(25,000.00)</u>	<u>-</u>	<u>-</u>	<u>(25,000.00)</u>
Net Changes in Fund Balance	(186,376.22)	-	-	(186,376.22)
Fund Balance - July 1	1,026,824.53	-	0.70	1,026,825.23
Fund Balance - June 30	<u>\$ 840,448.31</u>	<u>\$ -</u>	<u>\$ 0.70</u>	<u>\$ 840,449.01</u>

**SEA ISLE 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, 2012**

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$	(186,376.22)
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 depreciation exceeded capital outlays in the current fiscal year.		
Depreciation expense	\$ (74,371.50)	
Capital Outlays	<u>-</u>	(74,371.50)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities		
Capital Lease Payable		74,901.09
Debt issuance costs are reported in the governmental funds as expenditures in the year the debt is issued. However, on the statement of activities, the costs are amortized over the life of the capital lease.		
Amortization expense		(6,844.87)
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.		
		301.58
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.		
		56,637.85
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>(135,752.07)</u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2012**

	Business-Type Activities -		Totals
	Enterprise Fund		
	Non-Major Fund	Non-Major Fund	
	Food Service	Community Education	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 13,599.50	\$ 687.27	\$ 14,286.77
Accounts Receivable	96.45		96.45
Inventories	1,940.89		1,940.89
Total Current Assets	<u>15,636.84</u>	<u>687.27</u>	<u>16,324.11</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	53,368.00		53,368.00
Less: Accumulated Depreciation	<u>(53,368.00)</u>		<u>(53,368.00)</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 15,636.84</u>	<u>\$ 687.27</u>	<u>\$ 16,324.11</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Interfunds Payable	\$ 62.66	\$ -	\$ 62.66
Total Current Liabilities	<u>62.66</u>	<u>-</u>	<u>62.66</u>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	-	-	-
Unrestricted	15,574.18	687.27	16,261.45
Total Net Assets	<u>\$ 15,574.18</u>	<u>\$ 687.27</u>	<u>\$ 16,261.45</u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2012**

	Business-Type Activities - Enterprise Fund		
	Non-Major Fund	Non-Major Fund	Totals
	Food Service	Community Education	Enterprise Fund
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 6,204.10	\$ -	\$ 6,204.10
Daily Sales - Non-reimbursable programs	790.65		790.65
Other revenue	752.77		752.77
Total Operating Revenue	<u>7,747.52</u>	<u>-</u>	<u>7,747.52</u>
Operating Expenses:			
Cost of Sales	9,192.74		9,192.74
Salaries	11,589.47		11,589.47
Employee Benefits	1,718.07		1,718.07
Management Fee	5,099.64		5,099.64
Office Supplies	265.75		265.75
Insurance	1,001.56		1,001.56
Other	767.09		767.09
Total Operating Expenses	<u>29,634.32</u>	<u>-</u>	<u>29,634.32</u>
Operating Income (Loss)	<u>(21,886.80)</u>	<u>-</u>	<u>(21,886.80)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	185.77		185.77
Federal Sources:			
National School Breakfast Program	525.16		525.16
National School Lunch Program	4,552.50		4,552.50
Food Distribution Program	1,406.59		1,406.59
Interest revenue	19.54		19.54
Total Nonoperating Revenues (Expenses)	<u>6,689.56</u>	<u>-</u>	<u>6,689.56</u>
Income (Loss) before Contributions & Transfers	<u>(15,197.24)</u>	<u>-</u>	<u>(15,197.24)</u>
Capital Contributions			
Transfers In (Out)	<u>25,000.00</u>		<u>25,000.00</u>
Changes in Net Assets	9,802.76	-	9,802.76
Total Net Assets - Beginning	<u>5,771.42</u>	<u>687.27</u>	<u>6,458.69</u>
Total Net Assets - Ending	<u>\$ 15,574.18</u>	<u>\$ 687.27</u>	<u>\$ 16,261.45</u>

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

**SEA ISLE CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2012**

	Business-type Activities - Enterprise Fund		
	Non-Major Fund	Non-Major Fund	Totals Enterprise Fund
	Food Service	Community Education	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 7,747.52	\$ -	\$ 7,747.52
Payments to Employees	-	-	-
Payments to Management Company	(29,806.05)	-	(29,806.05)
Payments to Suppliers	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>(22,058.53)</u>	<u>-</u>	<u>(22,058.53)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	195.89	-	195.89
Federal Sources	5,528.79	-	5,528.79
Food Distribution Program	1,406.59	-	1,406.59
Operating Subsidies and Transfers to Other Funds	25,000.00	-	25,000.00
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>32,131.27</u>	<u>-</u>	<u>32,131.27</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest on Investments	19.54	-	19.54
Net Cash Provided by (Used for) Investing Activities	<u>19.54</u>	<u>-</u>	<u>19.54</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,092.28	-	10,092.28
Balance - Beginning of Year	3,507.22	687.27	4,194.49
Balance - End of Year	<u>\$ 13,599.50</u>	<u>\$ 687.27</u>	<u>\$ 14,286.77</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (21,886.80)	\$ -	\$ (21,886.80)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization			-
(Increase) Decrease in Inventories	(234.39)	-	(234.39)
Increase (Decrease) in Accounts Payable	62.66	-	62.66
Increase (Decrease) in Interfunds Accounts Payable			-
Total Adjustments	<u>(171.73)</u>	<u>-</u>	<u>(171.73)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (22,058.53)</u>	<u>\$ -</u>	<u>\$ (22,058.53)</u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Assets**  
**June 30, 2012**

	Unemployment Compensation	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 65,807.22	\$ 13,737.64
Investments, at Fair Value:		
None	-	-
Total Investments	-	-
Accounts Receivable		
Total Assets	65,807.22	13,737.64
<b>LIABILITIES</b>		
Accounts Payable	1.84	14.15
Payable to Student Groups		504.16
Payroll Deductions and Withholdings		13,219.33
Total Liabilities	1.84	13,737.64
<b>NET ASSETS</b>		
Held in Trust for Unemployment Claims and Other Purposes	\$ 65,805.38	
Reserve for Scholarships		

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

**SEA ISLE CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2012**

	Unemployment Compensation
<b>ADDITIONS</b>	
Contributions:	
Plan Members	\$ 2,588.72
Board Contribution	39,374.56
Other	6,147.29
Total Contributions	48,110.57
Investment Earnings:	
Interest	80.84
Less: Investment Expense	
Net Investment Earnings	80.84
Total Additions	48,191.41
<b>DEDUCTIONS</b>	
Unemployment Claims	5,007.74
Total Deductions	5,007.74
Changes in Net Assets	43,183.67
Net Assets - Beginning of the Year	22,621.71
Net Assets - End of the Year	\$ 65,805.38

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

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Sea Isle City School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (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. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity**

The 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 purpose of the district is to educate students in grades Pre-K to 4. The District operates one elementary school located in the City of Sea Isle City.

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. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**B. Basis of Presentation, Measurement Focus and Basis of Accounting**

**Basis of Presentation**

The School District's basic financial statements consist of District-wide statements (i.e. statement of net assets and a statement of activities) and fund financial statements, which provide a more detailed level of financial information.

*District-Wide Financial Statements:* The statement of net assets and the statement of activities display information about the district as a whole. These statements report the financial activities of the overall District, except for fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by property taxes, intergovernmental revenues, and other non-exchange transactions from business-type activities, generally financed in whole or in part with fees charged to external parties.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued**

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges and fees paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing, or draws from the general revenues of the School District.

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education ("Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

Governmental Funds

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for non-instructional equipment, which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued**

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Proprietary Funds

The District reports the following proprietary funds:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations – where the intent of the District is that the costs of providing goods or services be financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund, which accounts for all revenues and expenses pertaining to the District's cafeteria operations and the Community Education Fund, which accounts for all revenues and expenses pertaining to the District's community education program operations.

Fiduciary Funds

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance Trust.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued**

**Measurement Focus and Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

**C. 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 are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for special revenue funds. 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. 6A:23-2.2(g). All budget amendments/transfer must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Budgets/Budgetary Control - Continued**

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 payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2012 and 2011, there were adjustments between the budgetary basis and the GAAP basis due to encumbrances and the delay in the last state aid payment.

**D. Encumbrance Accounting**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**E. Assets, Liabilities and Equity**

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, bank deposits 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.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Cash, Cash Equivalents and Investments - Continued

N.J.S.A. 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.

Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories

Inventories, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Inventories in the Enterprise Fund are recorded at cost, computed on a first-in, first out method. In the fund based financial statements, commodities received from the U.S. Department of Agriculture are recorded as deferred revenue until consumed.

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Compensated Absences

The District accounts for compensated absences (e.g., unused sick, vacation leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". 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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions. Vacation days not used during the year may only be carried forward with approval from the Superintendent.

The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the School District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used be spent first when expenditures are made.

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified governmental fund balances as follows;

- Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by Board of School Estimates, the Board of Education, Superintendent or Business Administrator.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Revenues – Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlement, and donations is recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes as an advance, interest and tuition.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**F. Recent Accounting Pronouncements**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" to improve financial reporting related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. This statement will become effective for fiscal periods beginning after December 15, 2011. This statement is not anticipated to have any effect on the District's financial reporting.

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position". The statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This statement is not anticipated to have any effect on the District's financial reporting.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 64 "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53". This statement, which is effective for fiscal periods beginning after June 15, 2011, is not anticipated to have any effect on the District's financial reporting.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Deposits

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. Operating cash, in the form various checking, savings and certificates of deposit, are held in the District's name by commercial banking institutions. At June 30, 2012, the carrying amount of the District's deposits was \$866,386.65 and the bank balance was \$949,378.87. Of the bank balance, \$0 was uninsured and uncollateralized.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The District does not have a policy for custodial credit risk.

Investments

The District had no investments at June 30, 2012.

**NOTE 3 – RECEIVABLES**

Receivables at June 30, 2012, consisted of accounts (transportation and other), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State Aid	\$ 83,975.00	\$ 83,979.42
Federal Aid	662.00	754.03
Interfunds	62.66	-
	84,699.66	84,733.45
Gross Receivables		
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 84,699.66	\$ 84,733.45

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 4 – INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to (1) move investment income earned in the Trust and Agency Fund to the General Fund and; (2) repay expenses paid by another fund

The following interfund balances remained on the fund financial statements at June 30, 2012:

	Interfund Receivable	Interfund Payable
General Fund	\$ 62.66	\$
Food Service Fund		62.66
Total Receivables, Net	\$ <u>62.66</u>	\$ <u>62.66</u>

The interfund relates to \$62.66 owed to the general fund, which was created from funds not reimbursed to the general fund prior to year end.

**NOTE 5 – INVENTORY**

Inventory in the Food Service Enterprise Fund at June 30, 2012, consisted of the following:

Food	\$ 1,219.05
Supplies	<u>721.84</u>
	<u>\$ 1,940.89</u>

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,650.00	\$ -	\$ -	\$ 12,650.00
Total capital assets not being depreciated	<u>12,650.00</u>	<u>-</u>	<u>-</u>	<u>12,650.00</u>
Capital assets being depreciated:				
Land Improvements	14,240.00			14,240.00
Buildings and building improvements	2,449,625.55	-	-	2,449,625.55
Machinery and Equipment	283,001.72	-	-	283,001.72
Total capital assets being depreciated at historical cost	<u>2,746,867.27</u>	<u>-</u>	<u>-</u>	<u>2,746,867.27</u>
Less accumulated depreciation for:				
Land Improvements	(14,199.00)	(41.00)		(14,240.00)
Buildings and improvements	(1,135,233.16)	(68,137.03)	-	(1,203,370.19)
Equipment	(258,007.70)	(6,193.47)	-	(264,201.17)
Total capital assets being depreciated, net of accumulated depreciation	<u>1,339,427.41</u>	<u>(74,371.50)</u>	<u>-</u>	<u>1,265,055.91</u>
Governmental activity capital assets, net	<u>\$ 1,352,077.41</u>	<u>\$ (74,371.50)</u>	<u>\$ -</u>	<u>\$ 1,277,705.91</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Equipment	\$ 53,368.00	\$ -	\$ -	\$ 53,368.00
Less accumulated depreciation	(53,368.00)	-	-	(53,368.00)
Enterprise Fund capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 7 – OPERATING LEASES**

The District has commitments to lease certain office equipment under operating leases that expire in 2015. Total operating lease payments made during the year ended June 30, 2012 were \$4,181.40. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2013	\$ 4,181.40
2014	4,181.40
2015	4,181.40
Total future minimum lease payments	\$ 12,544.20

**NOTE 8 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2012 are as follows:

	Balance July 1, 2011	Issues or Additions	Payments or Expenditures	Balance June 30, 2012	Amounts Due Within One Year
Compensated Absences	\$ 123,536.15	\$ -	\$ 56,637.85	\$ 66,898.30	\$ 66,898.30
Capital Lease Payable	233,051.48		74,901.09	158,150.39	77,672.43
	\$ 356,587.63	\$ -	\$ 131,538.94	\$ 225,048.69	\$ 144,570.73

Compensated absences and capital leases have been liquidated in the General Fund.

Capital Leases

The District received a capital lease to fund a portion of the Roofing Project in the amount of \$375,000. The following is a schedule of the future minimum lease payments under the capital lease and the net minimum lease payments at June 30, 2012:

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

Fiscal Year Ending June 30,	Payment Amount
2013	\$ 83,502.03
2014	83,502.03
Total minimum lease payments	167,004.06
Less amount representing interest	8,853.67
Present value of lease payments	\$ 158,150.39

**NOTE 9 – DEFERRED DEBT ISSUANCE COSTS**

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific capital lease (5 years). The cost associated with the Capital Lease for the Roofing Project amounted to \$34,224.36. Amortization expense reflected in the District Wide Financial Statements for the year ended June 30, 2012 was \$6,844.87. The balance of deferred issuance costs at June 30, 2012 was \$13,689.75.

**NOTE 10 – PENSION PLANS**

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

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.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 10 – PENSION PLANS - Continued**

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District has no employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2012.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) that changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 10 – PENSION PLANS - Continued**

During the year ended June 30, 2012, the State of New Jersey contributed \$21,033 for non-contributory insurance and pension contributions for TPAF members and \$42,283 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$47,064.47 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB Statement No. 24.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2012, 2011 and 2010 were \$18,834, \$33,422 and \$29,233 respectively, equal to the required contributions each year.

**NOTE 11 – POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits 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 Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 12 – COMPENSATED ABSENCES**

The liability for vested compensated absences for the governmental fund types is recorded in current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, there is a liability for compensated absences in the Food Service Fund of \$0.

**NOTE 13 – 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:

Siracusa  
Lincoln  
AXA Equitable

**NOTE 14 – CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the District by the inclusion of \$85,146 in the 1993/94 school year 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 or by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. 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.

During the fiscal year ended June 30, 2012, the District had a decrease in the capital reserve due to payment of the capital lease of \$74,901.09. The balance in the capital reserve account at June 30, 2012 was \$65,045.32.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 15 – 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. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 45,602.69	\$ 2,588.72	\$ 5,005.90	\$ 65,807.22
2010-2011	46,000.00	-	43,110.36	22,621.71
2009-2010	26,000.00	1,651.24	30,622.88	19,732.07
2008-2009	14,129.00	2,493.32	-	22,670.29

**NOTE 16 – COMMITMENTS**

The District has not adopted encumbrance policy for the fiscal year end to consider significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund. There were no significant encumbrances outstanding at year end.

**NOTE 17 – CONTINGENT LIABILITIES**

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs.

**NOTE 18 – ECONOMIC DEPENDENCY**

The District receives support from federal government and from the state governments in the form of aid and specific grants. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 19 – FUND BALANCES**

Restrictions of funds balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Regular Public School Districts (N.J.S.A. 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below;

Non-Spendable Fund Balance – The District had no non-spendable fund balance at June 30, 2012.

Restricted Fund Balance

Excess Surplus – In accordance with N.J.S.A. 18A7F-7, as amended, the designation of restricted fund balance – excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general 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 year's budget. The excess fund balance at June 30, 2012 is \$91,122.99; \$0 of this restricted amount has designated for utilization in the 2012-13 budget and \$91,122.99 is required to be utilized in the 2013-14 budget.

Capital Projects Fund – As of June 30, 2012, the Capital Projects Fund has a restricted fund balance of \$.70. The balance in this fund is restricted by the grantor and state statutes. This balance is a result of not expending or turning over to the general fund the final amount in the construction account. This amount has been liquidated in fiscal year 2012-13.

Committed Fund Balance - The District has committed fund balance at June 30, 2012 as follows:

Capital Reserve Account – Of the \$65,045.32 balance in the capital reserve account at June 30, 2012, \$0 has been designated for utilization in the 2012-13 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan (LRFP).

Emergency Reserve Account – As of June 30, 2012. The balance in the emergency reserve was \$171,067.00. These funds are restricted 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).

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**NOTE 19 – FUND BALANCES - Continued**

Tuition Reserve Account – In accordance with N.J.A.C. 6A:23-3.1(f)(8), the district has a restricted fund balance in the amount of the \$175,000.00 in a legal reserve for tuition adjustments. This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective year. As of June 30, 2012, \$175,000.00 has been reserved as follows;

Fiscal Year Ending June 30,	Payment Amount
2011	\$ 175,000.00 (1)
	\$ 175,000.00

(1) - Designated for utilization in 2012-13 Budget

Assigned Fund Balance – At June 30, 2012, the Board of Education has assigned \$13,937.00 of general fund balance to expenditures in the 2012-13 budget.

Unassigned Fund Balance – At June 30, 2012, the District has \$415,398.99 of unassigned fund balance in the general fund.

**NOTE 20 – CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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 of budgeted fund balance in their subsequent years' budget. The excess fund balance generated in June 30, 2012 is \$0.

**NOTE 21 – LITIGATION**

The Board has placed its insurance carrier on notice of one potential claim incidental to its operations. To date no notice of tort claim has actually been received by the district.

**NOTE 22 – SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2012 through November 9, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statements. It was noted that for the fiscal year beginning July 1, 2012, the District would no longer be an operating school district. The District will be a sending district only for the future. The Board of Education is considering options for the use of the school building in the future but as of the above date, the school is being utilized by the City government due to flooding from Hurricane Sandy. Asset impairment will be evaluated in fiscal year 2013 based on how the Board plans on using the facility.

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**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

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**BUDGETARY COMPARISON SCHEDULES**

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**SEA ISLE CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 3,390,514.00	-	\$ 3,390,514.00	\$ 3,390,514.00	-
Tuition	250.00	-	250.00	2,484.08	2,234.08
Interest Earned on Capital Reserve Funds	14,750.00	-	14,750.00	11,510.55	(3,239.45)
Unrestricted Miscellaneous Revenues	-	-	-	3,404,508.63	(1,005.37)
<b>Total Local Sources</b>	<b>3,405,514.00</b>	<b>-</b>	<b>3,405,514.00</b>	<b>3,404,508.63</b>	<b>(1,005.37)</b>
State Sources:					
Categorical Special Education Aid	59,207.00	-	59,207.00	59,207.00	-
Adjustment Aid	13,713.00	-	13,713.00	55,670.00	41,957.00
Categorical Security Aid	17,443.00	-	17,443.00	17,443.00	-
Categorical Transportation Aid	90,895.00	-	90,895.00	90,895.00	-
Nonpublic Transportation	-	-	-	3,654.00	3,654.00
Extraordinary Aid	-	-	-	80,321.00	80,321.00
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	21,033.00	21,033.00
On-behalf TPAF Postretirement Contributions (non-budgeted)	-	-	-	42,283.00	42,283.00
TPAF Social Security (Reimbursed-Non-Budgeted)	-	-	-	47,064.47	47,064.47
<b>Total State Sources</b>	<b>181,258.00</b>	<b>-</b>	<b>181,258.00</b>	<b>417,570.47</b>	<b>236,312.47</b>
Federal Sources					
Education Jobs Fund Program	-	362.00	362.00	362.00	-
<b>Total Federal Sources</b>	<b>-</b>	<b>362.00</b>	<b>362.00</b>	<b>362.00</b>	<b>-</b>
<b>Total Revenues</b>	<b>3,586,772.00</b>	<b>362.00</b>	<b>3,587,134.00</b>	<b>3,822,441.10</b>	<b>235,307.10</b>
<b>EXPENDITURES:</b>					
CURRENT EXPENSE					
Preschool - Salaries of Teachers	79,850.00	756.94	80,606.94	68,349.94	12,257.00
Kindergarten - Salaries of Teachers	55,950.00	555.60	56,505.60	56,505.60	-
Grades 1 - 5 Salaries of Teachers	317,000.00	4,153.33	321,153.33	317,818.75	3,334.58
Grades 6 - 8 Salaries of Teachers	-	-	-	-	-

**SEA ISLE CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Regular Programs - Home Instruction					
Salaries of Teachers	\$ 1,000.00	\$ 228.50	\$ 1,228.50	\$ 1,228.50	\$ -
Purchased Professional - Educational Services	-	-	-	-	-
Purchased Professional Educational Services	-	-	-	-	-
Regular Programs - Undistributed Instruction					
Purchased Professional Educational Services	35,000.00	(35,000.00)	-	-	-
Purchased Technical Services	-	15,714.30	15,714.30	15,387.45	326.85
Other Purchased Services (400-500 series)	4,000.00	(3,000.00)	1,000.00	618.00	382.00
General Supplies	14,750.00	(7,873.45)	6,876.55	5,855.10	1,021.45
Textbooks	2,000.00	869.95	2,869.95	2,869.95	-
Other Objects	1,000.00	1,000.00	2,000.00	224.00	776.00
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>510,550.00</b>	<b>(23,594.83)</b>	<b>486,955.17</b>	<b>468,857.29</b>	<b>18,097.88</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Resource Room/Resource Center	40,000.00		40,000.00	28,275.60	11,724.40
Salaries of Teachers	300.00		300.00		300.00
General Supplies	40,300.00	-	40,300.00	28,275.60	12,024.40
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>40,300.00</b>	<b>-</b>	<b>40,300.00</b>	<b>28,275.60</b>	<b>12,024.40</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	22,000.00		22,000.00	7,803.40	14,196.60
Other Salaries for Instruction	-		-		-
General Supplies	-		-		-
<b>Total Basic Skills/Remedial - Instruction</b>	<b>22,000.00</b>	<b>-</b>	<b>22,000.00</b>	<b>7,803.40</b>	<b>14,196.60</b>
<b>TOTAL INSTRUCTION</b>	<b>572,850.00</b>	<b>(23,594.83)</b>	<b>549,255.17</b>	<b>504,936.29</b>	<b>44,318.88</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
Undistributed Expenditures - Instruction	1,688,771.00		1,688,771.00	1,688,771.00	-
Tuition to Other LEAs Within the State-Regular	205,914.00	45,401.00	251,315.00	245,788.61	5,526.39
Tuition to County Voc. School Distr. - Regular	33,275.00		33,275.00	33,275.00	-
Tuition to County Voc. School Distr. - Special	-		-		-
Tuition to CSSD & Regional Day Schools	50,614.00	96,057.00	146,671.00	134,574.00	12,097.00
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,978,574.00</b>	<b>141,458.00</b>	<b>2,120,032.00</b>	<b>2,102,408.61</b>	<b>17,623.39</b>

**SEA ISLE CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expend. - Attendance & Social Work Salaries	\$ 9,600.00	\$ 50.24	\$ 9,650.24	\$ 9,650.24	\$ -
Purchased Professional and Technical Services Supplies and Materials	1,240.00	10.00	1,250.00	1,250.00	-
Total Undistributed Expend. - Attendance Services	10,840.00	60.24	10,900.24	10,900.24	-
Undistributed Expend. - Health Services					
Salaries	61,500.00	821.44	62,321.44	61,870.44	451.00
Purchased Professional and Technical Services	1,000.00		1,000.00	1,000.00	-
Other Purchased Services (400 - 500 series)	800.00		800.00	627.24	172.76
Supplies & Materials	-		-		-
Other Objects	800.00		800.00	452.98	347.02
Total Undistributed Expend. - Health Services	64,100.00	821.44	64,921.44	63,950.66	970.78
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	-		-		-
Purchased Professional - Educational Services	15,000.00	919.00	15,919.00	15,919.00	-
Supplies & Materials	500.00		500.00		500.00
Total Undist. Expend. - Speech, OT, PT & Related Services	15,500.00	919.00	16,419.00	15,919.00	500.00
Undist. Expend. - Other Support Serv. Students - Extra. Serv.					
Salaries	6,000.00	(6,000.00)	-		-
Purchased Professional - Educational Services	10,000.00	1,512.00	11,512.00	10,800.00	712.00
Total Undist. Expend. - Other Support Serv. Students - Extra. Serv.	16,000.00	(4,488.00)	11,512.00	10,800.00	712.00
Undist. Expend. - Guidance					
Purchased Professional - Educational Services	83,500.00		83,500.00	83,500.00	-
Other Purch. Professional and Technical Services	500.00		500.00		500.00
Supplies & Materials	-		-		-
Total Undist. Expend. - Guidance	84,000.00	-	84,000.00	83,500.00	500.00

**SEA ISLE CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Child Study Teams					
Salaries of Secretarial and Clerical Assistants	\$ 8,600.00	\$ 138.01	\$ 8,738.01	\$ 8,738.01	-
Other Salaries		400.00	400.00	400.00	-
Purchased Professional - Educational Services	66,000.00	(4,500.00)	61,500.00	61,060.00	440.00
Supplies & Materials	1,000.00	(240.00)	760.00		760.00
<b>Total Undist. Expend. - Child Study Teams</b>	<b>75,600.00</b>	<b>(4,201.99)</b>	<b>71,398.01</b>	<b>70,198.01</b>	<b>1,200.00</b>
Undist. Expend. - Improvement of Inst. Services					
Salaries of Principals/Assistant Principals	-	520.00	520.00	520.00	-
Salaries of Secretarial and Clerical Assistants	8,600.00	138.25	8,738.25	8,738.23	0.02
Purchased Professional - Educational Services	12,000.00		12,000.00	12,000.00	-
Other Purchased Services (400-500 series)	1,000.00	(500.00)	500.00		500.00
Supplies and Materials	500.00		500.00		500.00
Other Objects	1,000.00		1,000.00		1,000.00
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<b>23,100.00</b>	<b>158.25</b>	<b>23,258.25</b>	<b>21,258.23</b>	<b>2,000.02</b>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Purchased Professional and Technical Services	270.00	18.00	288.00	288.00	-
Other Objects	2,700.00	18.00	2,718.00	(132.97)	2,850.97
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>2,970.00</b>	<b>36.00</b>	<b>3,006.00</b>	<b>155.03</b>	<b>2,850.97</b>
Undist. Expend. - Instructional Staff Training Serv.					
Other Salaries	200.00		200.00		200.00
Purchased Professional - Educational Services	200.00		200.00		200.00
Other Purch. Professional and Technical Services	300.00		300.00		300.00
Other Purchased Services (400-500 series)	300.00		300.00	233.02	66.98
Supplies & Materials	300.00		300.00		300.00
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>1,300.00</b>	<b>-</b>	<b>1,300.00</b>	<b>233.02</b>	<b>1,066.98</b>

**SEA ISLE CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	3,567.00	-	3,567.00	3,567.00	-
Legal Services	10,000.00	53,000.00	63,000.00	62,667.69	332.31
Audit Fees	12,000.00	3,300.00	15,300.00	15,300.00	-
Other Purchased Professional Services	4,000.00		4,000.00	2,395.00	1,605.00
Communications/Telephone	11,287.00	3,000.00	14,287.00	12,851.97	1,435.03
BOE Other Purchased Services	5,032.00		5,032.00	2,948.50	2,083.50
Other Purchased Services (400-500 series)	700.00	(554.74)	145.26	145.26	-
General Supplies	500.00		500.00	185.70	314.30
BOE Membership Dues and Fees	4,258.00		4,258.00	2,913.30	1,344.70
Total Undistributed Expenditures - Support Services - General Administration	<u>51,344.00</u>	<u>58,745.26</u>	<u>110,089.26</u>	<u>102,829.16</u>	<u>7,260.10</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Secretarial and Clerical Assistants	8,600.00	138.24	8,738.24	8,738.24	-
Other Purchased Professional Services	-		-	-	-
Supplies & Materials	500.00		500.00	71.86	428.14
Other Objects	500.00		500.00	500.00	-
Total Undistributed Expenditures - Support Services - School Administration	<u>9,600.00</u>	<u>138.24</u>	<u>9,738.24</u>	<u>8,810.10</u>	<u>928.14</u>
Undistributed Expenditures - Central Services					
Salaries	-	18,000.00	18,000.00	17,820.00	180.00
Purchased Professional Services	24,000.00		24,000.00	22,637.13	1,362.87
Misc. Purchased Services (400-500 series)	-		-	-	-
Supplies and Materials	1,000.00		1,000.00	436.55	563.45
Interest on Current Loans	-	8,625.44	8,625.44	8,625.44	-
Miscellaneous Expenditures	1,000.00		1,000.00	698.25	301.75
Total Undistributed Expenditures - Central Services	<u>26,000.00</u>	<u>26,625.44</u>	<u>52,625.44</u>	<u>50,217.37</u>	<u>2,408.07</u>
Undist. Expend. - Required Maint. School Fac.					
Cleaning, Repair and Maintenance Service	20,000.00	(3,400.00)	16,600.00	16,564.99	35.01
General Supplies	3,000.00	(3,000.00)	-	-	-
Other Objects	-		-	-	-
Total Undist. Expend. - Required Maint. School Facilities	<u>23,000.00</u>	<u>(6,400.00)</u>	<u>16,600.00</u>	<u>16,564.99</u>	<u>35.01</u>

SEA ISLE CITY SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 97,650.00	\$ (9,253.00)	\$ 88,397.00	\$ 87,249.89	\$ 1,147.11
Energy (Gasoline)	26,000.00	(26,000.00)	-	-	-
Purchased Professional and Technical Services	43,000.00	(18,000.00)	25,000.00	24,182.80	817.20
Cleaning, Repair and Maintenance Service	9,000.00	(1,400.00)	7,600.00	7,590.31	9.69
Rent of Land & Buildings - Oth. than Lease Purch.	-	-	-	-	-
Other Purchased Property Services	2,200.00	-	2,200.00	2,040.00	160.00
Insurance	34,700.00	(11,521.00)	23,179.00	23,179.00	-
General Supplies	15,000.00	(13,158.62)	1,841.38	1,841.38	-
Energy(Energy and Electricity)	35,000.00	(4,500.00)	30,500.00	28,643.32	1,856.68
Other Objects	450.00	-	450.00	450.00	-
Total Undistributed Expenditures - Custodial Services	263,000.00	(83,832.62)	179,167.38	175,176.70	3,990.68
Total Undist. Expend. - Operations and Maint of Plant	286,000.00	(90,232.62)	195,767.38	191,741.69	4,025.69
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Bet. Home & School) Reg	33,450.00	(11,000.00)	22,450.00	20,280.10	2,169.90
Management Fee - ESC & CTSA Trans. Program	12,000.00	1,600.00	13,600.00	13,578.31	21.69
Other Purchased Prof. and Technical Serv.	-	-	-	-	-
Contr. Serv.Trans. (Bet. Home & School) - Vendors	215,000.00	10,000.00	225,000.00	224,908.81	91.19
Contr. Serv.(Other than Home & School) - Vendors	2,500.00	-	2,500.00	1,548.78	951.22
Contract. Serv. (Sp Ed Stds) - Vendors	57,680.00	1,000.00	58,680.00	58,644.54	35.46
Contract. Serv. Aid in Lieu Pymts-NonPub Sch Transportation Services	4,500.00	(2,000.00)	2,500.00	2,160.80	339.20
	325,130.00	(400.00)	324,730.00	321,121.34	3,608.66
Undist. Expend. - Unallocated Benefits - Employee Benefits					
Social Security Contribution	10,000.00	2,000.00	12,000.00	11,452.11	547.89
Other Retirement Contributions - PERS	35,000.00	(16,166.00)	18,834.00	18,834.00	-
Unemployment Compensation	60,000.00	(20,625.44)	39,374.56	39,374.56	-
Workmen's Compensation	30,000.00	(4,539.16)	25,460.84	13,431.00	12,029.84
Health Benefits	180,328.00	(50,393.83)	129,934.17	119,641.34	10,292.83
Tuition Reimbursement	3,000.00	(3,000.00)	-	-	-
Other Employee Benefits	15,000.00	-	15,000.00	15,000.00	-
Total Undist. Expend. -Unallocated Benefits - Employee Benefits	333,328.00	(92,724.43)	240,603.57	217,733.01	22,870.56

**SEA ISLE CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>On-Behalf Contributions</b>					
On-Behalf TPAF Pension Contribution (non-bud)	\$ -	\$ -	\$ -	21,033.00	\$ (21,033.00)
On-Behalf TPAF Postretirement Contribution (non-bud)				42,283.00	(42,283.00)
Reimbursed TPAF Social Security Cont.(non-bud)				47,064.47	(47,064.47)
<b>Total On-Behalf Contributions</b>		-	-	<u>110,380.47</u>	<u>(110,380.47)</u>
<b>Total Personal Services - Employee Benefits</b>	333,328.00	(92,724.43)	240,603.57	328,113.48	(87,509.91)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	3,303,386.00	36,914.83	3,340,300.83	3,382,155.94	(41,855.11)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	3,876,236.00	13,320.00	3,889,556.00	3,887,092.23	2,463.77
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Services					
Construction Services	75,000.00		75,000.00	74,901.09	98.91
Lease Purchase Agreements - Principal	802.00		802.00		802.00
Other Objects					
<b>Total Facilities Acquisition and Construction Serv.</b>	<u>75,802.00</u>	-	<u>75,802.00</u>	<u>74,901.09</u>	<u>900.91</u>
Capital Reserve - Transfer to Capital Projects					
<b>TOTAL CAPITAL OUTLAY</b>	75,802.00	-	75,802.00	74,901.09	900.91
<b>SPECIAL SCHOOLS</b>					
Transfer of funds to Charter Schools	31,963.00	(12,958.00)	19,005.00	19,005.00	-
<b>TOTAL SPECIAL SCHOOLS</b>	<u>31,963.00</u>	<u>(12,958.00)</u>	<u>19,005.00</u>	<u>19,005.00</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	3,984,001.00	362.00	3,984,363.00	3,980,998.32	3,364.68
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(397,229.00)	(0.00)	(397,229.00)	(158,557.22)	238,671.78
<b>Other Financing Sources/(Uses):</b>					
Operating Transfers Out:					
Interest Deposit to Capital Reserve	(250.00)		(250.00)		(250.00)
Transfer to Cover Deficit - Food Service	(25,000.00)		(25,000.00)	(25,000.00)	-
<b>Total Other Financing Sources/(Uses)</b>	<u>(25,250.00)</u>	-	<u>(25,250.00)</u>	<u>(25,000.00)</u>	<u>(250.00)</u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (422,479.00)	\$ (0.00)	\$ (422,479.00)	\$ (183,557.22)	\$ 238,421.78
Fund Balance July 1	1,033,704.53		1,033,704.53	1,033,704.53	-
Fund Balance June 30	<u>\$ 611,225.53</u>	<u>\$ (0.00)</u>	<u>\$ 611,225.53</u>	<u>\$ 850,147.31</u>	<u>\$ 238,421.78</u>

Recapitulation:

Nonspendable Fund Balance	\$
None	-
Committed Fund Balance:	
Capital Reserve	65,045.32
Tuition Reserve	175,000.00
Emergency Reserve	171,067.00
Restricted Fund Balance:	
Excess Surplus	91,122.99
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	13,937.00
Unsigned Fund Balance	333,975.00
Fund Balance per Governmental Funds (GAAP)	<u>850,147.31</u>

Reconciliation to Governmental Funds Statements (GAAP):  
 Last Two State Aid Payments not recognized on GAAP Basis

	(9,699.00)
	<u>\$ 840,448.31</u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**General Fund**  
**Required Supplementary Information**  
**Education Jobs Fund Program - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Federal Sources	\$ -	\$ 362.00	\$ 362.00	\$ 362.00	\$ -
Total Revenues	-	362.00	362.00	362.00	-
<b>EXPENDITURES:</b>					
Undistributed Expenditures:					
Other Support Services- Students-Extra. Services		362.00	362.00	362.00	-
Purchased Professional Technical Services					
Total Regular Programs - Instruction	-	362.00	362.00	362.00	-
Other Financing Sources (Uses)					
None			-		-
Total Outflows	-	362.00	362.00	362.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**SEA ISLE CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources	\$ -	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ -
State Sources					-
Federal Sources	57,263.00	47,763.00	105,026.00	91,086.00	(13,940.00)
Total Revenues	<u>57,263.00</u>	<u>50,763.00</u>	<u>108,026.00</u>	<u>94,086.00</u>	<u>(13,940.00)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Tuition	31,991.00	12,191.00	44,182.00	44,182.00	-
Other Purchased Services (400-500 series)				-	-
Total Instruction	<u>31,991.00</u>	<u>12,191.00</u>	<u>44,182.00</u>	<u>44,182.00</u>	<u>-</u>
Support Services:					
Salaries of Other Professional Staff	17,918.00	27,251.00	45,169.00	45,169.00	-
Personal Services - Employee Benefits		8,753.00	8,753.00	-	8,753.00
Purchased Professional and Technical Services	7,354.00	(432.00)	6,922.00	1,735.00	5,187.00
Other Objects		3,000.00	3,000.00	3,000.00	-
Total Support Services	<u>25,272.00</u>	<u>38,572.00</u>	<u>63,844.00</u>	<u>49,904.00</u>	<u>13,940.00</u>
Total Outflows	<u>57,263.00</u>	<u>50,763.00</u>	<u>108,026.00</u>	<u>94,086.00</u>	<u>13,940.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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**SEA ISLE CITY SCHOOL DISTRICT  
Required Supplementary Information  
Budget-to-GAAP Reconciliation  
Note to RSI  
For the Year Ended June 30, 2012**

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 3,822,441.10	[C-2] \$ 94,086.00
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
Final two State Aid payments were delayed until July 2011 is recorded as GAAP revenue but is not recognized as budgetary revenue.	6,880.00	
Final two State Aid payments were delayed until July 2012 is recorded as budgetary revenue but is not recognized under GAAP.	(9,699.00)	
	[B-2] <u>\$ 3,819,622.10</u>	[B-2] <u>\$ 94,086.00</u>
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,980,998.32	[C-2] \$ 94,086.00
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 financial reporting purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>\$ 3,980,998.32</u>	[B-2] <u>\$ 94,086.00</u>

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**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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**SEA ISLE CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2012**

	Local Safety Grant	Title I	Title IIA	I.D.E.A. Part B Basic	I.D.E.A. Part B Preschool	Totals 2012
<b>REVENUES:</b>						
Local Sources	\$ 3,000.00	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00
State Sources		43,765.00	3,139.00	42,646.00	1,536.00	91,086.00
Federal Sources		43,765.00	3,139.00	42,646.00	1,536.00	94,086.00
Total Revenues	3,000.00	43,765.00	3,139.00	42,646.00	1,536.00	94,086.00
<b>EXPENDITURES:</b>						
Instruction:						
Tuition	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	42,646.00	1,536.00	44,182.00
Total Instruction	-	-	-	42,646.00	1,536.00	44,182.00
Support Services:						
Salaries of Other Professional Staff	-	43,765.00	1,404.00	-	-	45,169.00
Personal Services - Employee Benefits	-	-	1,735.00	-	-	1,735.00
Purchased Professional and Technical Services						
Other Objects	3,000.00	-	-	-	-	3,000.00
Total Support Services	3,000.00	43,765.00	3,139.00	-	-	49,904.00
Total Outflows	3,000.00	43,765.00	3,139.00	42,646.00	1,536.00	94,086.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

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**SEA ISLE CITY SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Summary Statement of Project Expenditures**  
**For the Year Ended June 30, 2012**

Project Title/Issue	Date	Original Appropriations	GAAP Expenditures to Date		Original Appropriations Cancelled	Unexpended Balance June 30, 2012
			Prior Years	Current Years		
Sea Isle City Elementary School Roofing Project	6/15/2009	\$ 900,000.00	\$ 672,374.91	-	\$ 227,624.39	\$ 0.70
		<u>\$ 900,000.00</u>	<u>\$ 672,374.91</u>	<u>-</u>	<u>\$ 227,624.39</u>	<u>\$ 0.70</u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2012**

REVENUES:	
State Sources:	
None	\$ -
Local Sources	
None	-
	<hr/>
Total Revenues	<hr/> -
EXPENDITURES:	
Purchased Professional and Technical Services	-
Construction Services	-
	<hr/>
Total Expenditures	<hr/> -
Excess (Deficiency) of Revenues Over (Under) Expenditures	-
OTHER FINANCING SOURCES/(USES):	
Operating Transfers In (Out):	
Authorizations Cancelled:	
Return to Capital Reserve Account	
Transfer to General Fund	
Cancellation of Grant Receivable	
	<hr/>
Total Other Financing Sources(Uses):	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-
Fund Balances, July 1	<hr/> 0.70
Fund Balances, June 30	<hr/> <hr/> \$ 0.70

**SEA ISLE CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Sea Isle City Elementary School Roofing Project**  
**From Inception and for the Year Ended June 30, 2012**

	Prior Periods	Current Year	Totals	Revised Authorized Costs
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
State Sources:				
SDA Grant	\$ 268,950.00		\$ 268,950.00	\$ 268,950.00
Local Sources:				
Capital Lease Proceeds	280,763.61		280,763.61	280,763.61
Transfer from Capital Reserve	122,662.00		122,662.00	122,662.00
<b>Total Revenues</b>	<b>672,375.61</b>	<b>-</b>	<b>672,375.61</b>	<b>672,375.61</b>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Purchased Professional/Technical Services	90,684.91		90,684.91	90,684.91
Construction Services	581,690.00		581,690.00	581,690.00
<b>Total Expenditures</b>	<b>672,374.91</b>	<b>-</b>	<b>672,374.91</b>	<b>672,374.91</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>\$ 0.70</b>	<b>\$ -</b>	<b>\$ 0.70</b>	<b>\$ 0.70</b>
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Project Number	4700-050-09-1001			
Grant Date	6/15/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Cost Authorized	\$ 900,000.00			
Additional Authorized Cost	(227,624.39)			
Revised Authorized Cost	672,375.61			
Percentage Increase over Original Authorized Cost	-25%			
Percentage Completion	1.00			
Original Target Completion Date	Sept. 2009			
Revised Target Completion Date	Sept. 2009			

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## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Trust funds are used to account for gifts and bequests to the school district for a specific purpose.

**Unemployment Fund** - This trust fund is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholding in prior years.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.

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**SEA ISLE CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ <u>65,807.22</u>	\$ <u>13,737.64</u>	\$ <u>79,544.86</u>
Total Assets	<u>65,807.22</u>	<u>13,737.64</u>	<u>79,544.86</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1.84	\$ 14.15	\$ 15.99
Payable to Student Groups		504.16	504.16
Payroll Deductions & Withholdings		13,219.33	13,219.33
Total Liabilities	<u>1.84</u>	<u>13,737.64</u>	<u>13,739.48</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	\$ <u><u>65,805.38</u></u>		65,805.38
Total Net Assets			<u>65,805.38</u>
Total Liabilities and Net Assets			\$ <u><u>79,544.86</u></u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<b>ADDITIONS</b>		
Contributions:		
Plan Members	\$ 2,588.72	\$ 2,588.72
Board Contribution	39,374.56	39,374.56
Other	6,147.29	6,147.29
Total Contributions	<u>48,110.57</u>	<u>48,110.57</u>
Investments Earnings:		
Interest	80.84	80.84
Net Investment Earnings	<u>80.84</u>	<u>80.84</u>
Total Additions	<u>48,191.41</u>	<u>48,191.41</u>
Deductions		
Unemployment Claims	5,007.74	5,007.74
Total Deductions	<u>5,007.74</u>	<u>5,007.74</u>
Change in Net Assets	43,183.67	43,183.67
Net Assets - Beginning of the Year	<u>22,621.71</u>	<u>22,621.71</u>
Net Assets - End of the Year	<u>\$ 65,805.38</u>	<u>\$ 65,805.38</u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2012**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Student Activity	\$ 503.15	\$ 91.01	\$ 90.00	\$ 504.16
Student Council	\$ -	\$ 91.01	\$ 90.00	\$ -
	<u>503.15</u>	<u>91.01</u>	<u>90.00</u>	<u>504.16</u>
	<u>\$ 503.15</u>	<u>\$ 91.01</u>	<u>\$ 90.00</u>	<u>\$ 504.16</u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2012**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 13,964.95	\$ 845,893.47	\$ 846,624.94	\$ 13,233.48
<b>Total Assets</b>	<u>\$ 13,964.95</u>	<u>\$ 845,893.47</u>	<u>\$ 846,624.94</u>	<u>\$ 13,233.48</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholding	\$ 13,946.61	\$ 331,627.58	\$ 332,354.86	\$ 13,219.33
Net Payroll Payable	-	514,218.00	514,218.00	-
Accounts Payable		14.15		14.15
Due to General Fund	18.34	33.74	52.08	-
<b>Total Liabilities</b>	<u>\$ 13,964.95</u>	<u>\$ 845,893.47</u>	<u>\$ 846,624.94</u>	<u>\$ 13,233.48</u>

## **LONG-TERM DEBT SCHEDULES**

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**SEA ISLE CITY SCHOOL DISTRICT**  
**Schedule of Obligations Under Capital Lease**  
**As of June 30, 2012**

Description	Amount of Original Issue	Balance July 1, 2011	Issued Current Year	Retired Current Year	Balance June 30, 2012
Roofing Project	\$ 375,000.00	\$ 233,051.48	\$	\$ 74,901.09	\$ 158,150.39
		<u>\$ 233,051.48</u>	<u>\$ -</u>	<u>\$ 74,901.09</u>	<u>\$ 158,150.39</u>

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## **Statistical Section**

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**SEA ISLE CITY SCHOOL DISTRICT**  
**Net Assets by Component,**  
**Last Nine Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-1

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 1,089,776.00	\$ 1,047,047.00	\$ 997,010.00	\$ 959,080.00	\$ 903,260.00	\$ 1,116,455.75	\$ 1,122,873.70	\$ 1,139,560.55	\$ 1,133,245.27
Restricted	967,544.00	1,164,565.00	883,010.00	908,157.00	832,432.00	892,880.96	653,622.54	439,180.94	516,173.01
Unrestricted	(201,276.00)	(109,996.00)	(42,953.00)	(17,717.00)	227,970.00	293,789.48	393,615.12	463,389.56	256,960.70
<b>Total governmental activities net assets</b>	<b>\$ 1,856,044.00</b>	<b>\$ 2,101,616.00</b>	<b>\$ 1,837,067.00</b>	<b>\$ 1,849,520.00</b>	<b>\$ 1,963,662.00</b>	<b>\$ 2,303,126.19</b>	<b>\$ 2,170,111.36</b>	<b>\$ 2,042,131.05</b>	<b>\$ 1,906,378.98</b>
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	\$ 4,132.00	\$ 3,321.00	\$ 2,510.00	\$ 1,698.00	\$ 886.00	\$ 74.00	\$ -	\$ -	\$ -
Restricted	(17,632.00)		5,262.00	14,221.00	11,243.00	3,625.47	10,808.74	6,458.69	16,261.45
Unrestricted	(13,500.00)	\$ 3,321.00	7,772.00	15,919.00	12,129.00	3,699.47	10,808.74	6,458.69	16,261.45
<b>Total business-type activities net assets</b>	<b>\$ (17,000.00)</b>	<b>\$ 3,321.00</b>	<b>\$ 7,772.00</b>	<b>\$ 15,919.00</b>	<b>\$ 12,129.00</b>	<b>\$ 3,699.47</b>	<b>\$ 10,808.74</b>	<b>\$ 6,458.69</b>	<b>\$ 16,261.45</b>
<b>District-wide</b>									
Invested in capital assets, net of related debt	\$ 1,093,908.00	\$ 1,050,368.00	\$ 999,520.00	\$ 960,778.00	\$ 904,146.00	\$ 1,116,529.75	\$ 1,122,873.70	\$ 1,139,560.55	\$ 1,133,245.27
Restricted	967,544.00	1,164,565.00	883,010.00	908,157.00	832,432.00	892,880.96	653,622.54	439,180.94	516,173.01
Unrestricted	(218,908.00)	(109,996.00)	(37,691.00)	(3,496.00)	239,213.00	297,414.95	404,423.86	469,848.25	273,222.15
<b>Total district net assets</b>	<b>\$ 1,842,544.00</b>	<b>\$ 2,104,937.00</b>	<b>\$ 1,844,839.00</b>	<b>\$ 1,865,439.00</b>	<b>\$ 1,975,791.00</b>	<b>\$ 2,306,825.66</b>	<b>\$ 2,180,920.10</b>	<b>\$ 2,048,569.74</b>	<b>\$ 1,922,640.43</b>

Source: CAFR Schedule A-1

**SEA ISLE CITY SCHOOL DISTRICT**  
**Changes in Net Assets,**  
**Last Nine Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>									
Governmental activities:									
Instruction:									
Regular	\$ 1,162,677.00	\$ 1,137,801.00	\$ 1,099,485.00	\$ 1,110,340.00	\$ 1,003,776.00	\$ 1,043,744.54	\$ 879,594.30	\$ 718,823.16	\$ 627,290.34
Special education	170,220.00	143,784.00	248,170.00	236,784.00	247,374.00	321,397.28	111,703.72	208,192.89	89,188.49
Other instruction	37,483.00	45,017.00	97,677.00	36,535.00	97,083.00	120,237.06	99.99	-	7,803.40
Support Services:									
Tuition	1,146,017.00	1,452,133.00	1,507,135.00	1,234,540.00	1,111,219.00	884,355.73	1,484,489.62	1,792,164.15	2,102,408.61
Student & instruction related services	548,405.00	649,816.00	585,181.00	660,527.00	750,647.00	740,168.30	390,107.89	354,863.94	359,464.42
Other administrative services	332,873.00	175,790.00	257,945.00	161,772.00	178,168.00	235,136.31	203,534.81	130,426.63	163,148.61
School administrative services	94,522.00	97,346.00	33,649.00	40,334.00	40,498.00	11,838.48	11,456.01	29,474.48	13,103.41
Plant operations and maintenance	274,818.00	263,779.00	315,914.00	362,758.00	313,892.00	287,844.65	313,718.96	270,969.28	222,981.84
Pupil transportation	154,441.00	190,624.00	240,217.00	234,459.00	261,044.00	287,230.38	318,721.13	242,339.82	330,525.82
Special schools	5,855.00					43,993.00	49,821.00	11,143.33	19,005.00
Interest on long-term debt						980.23	13,699.55	82,989.63	8,323.86
Unallocated depreciation					2,725.00	46,504.50	85,229.00		81,216.37
Capital Outlay									
Total governmental activities expenses	\$ 3,927,311.00	\$ 4,156,090.00	\$ 4,365,373.00	\$ 4,078,049.00	\$ 4,006,428.00	\$ 4,023,430.46	\$ 3,862,175.98	\$ 3,841,387.31	\$ 4,024,460.17
Business-type activities:									
Food service	79,652.00	68,019.00	71,675.00	74,165.00	61,694.00	53,468.42	36,325.87	31,133.17	29,634.32
Community Education							472.73		
Total business-type activities expenses	\$ 79,652.00	\$ 68,019.00	\$ 71,675.00	\$ 74,165.00	\$ 61,694.00	\$ 53,468.42	\$ 36,798.60	\$ 31,133.17	\$ 29,634.32
Total district expenses	\$ 4,006,963.00	\$ 4,224,109.00	\$ 4,437,048.00	\$ 4,152,214.00	\$ 4,068,122.00	\$ 4,076,898.88	\$ 3,898,974.58	\$ 3,872,520.48	\$ 4,054,094.49

**SEA ISLE CITY SCHOOL DISTRICT**  
**Changes in Net Assets,**  
**Last Nine Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Program Revenues</b>									
Governmental activities:									
Operating grants and contributions	\$ 257,710.00	\$ 111,125.00	\$ 101,684.00	\$ 60,500.00	\$ 112,298.00	\$ 694,185.09	\$ 376,595.83	\$ 446,732.16	\$ 438,905.47
Total governmental activities program revenues	<u>257,710.00</u>	<u>111,125.00</u>	<u>101,684.00</u>	<u>60,500.00</u>	<u>112,298.00</u>	<u>694,185.09</u>	<u>376,595.83</u>	<u>446,732.16</u>	<u>438,905.47</u>
Business-type activities:									
Charges for services:									
Food service	31,800.00	29,568.00	22,332.00	19,948.00	15,401.00	12,907.09	9,761.30	6,757.26	7,747.52
Community Education							1,160.00	-	
Operating grants and contributions	21,548.00	19,262.00	20,756.00	19,321.00	19,841.00	17,093.96	10,970.40	10,012.57	6,670.02
Total business-type activities program revenue	<u>53,348.00</u>	<u>48,830.00</u>	<u>43,088.00</u>	<u>39,269.00</u>	<u>35,242.00</u>	<u>30,001.05</u>	<u>21,891.70</u>	<u>16,769.83</u>	<u>14,417.54</u>
Total district program revenue	<u>\$ 311,058.00</u>	<u>\$ 159,955.00</u>	<u>\$ 144,772.00</u>	<u>\$ 99,769.00</u>	<u>\$ 147,540.00</u>	<u>\$ 724,186.14</u>	<u>\$ 398,487.53</u>	<u>\$ 463,501.99</u>	<u>\$ 453,323.01</u>
<b>Net (Expense) Revenue</b>									
Governmental activities	\$ (3,669,601.00)	\$ (4,044,965.00)	\$ (4,263,689.00)	\$ (4,017,549.00)	\$ (3,894,130.00)	\$ (3,329,245.37)	\$ (3,485,580.15)	\$ (3,394,655.15)	\$ (3,585,554.70)
Business-type activities	<u>(26,304.00)</u>	<u>(19,189.00)</u>	<u>(28,587.00)</u>	<u>(34,896.00)</u>	<u>(26,462.00)</u>	<u>(23,467.37)</u>	<u>(14,906.90)</u>	<u>(14,363.34)</u>	<u>(15,216.78)</u>
Total district-wide net expense	<u>\$ (3,695,905.00)</u>	<u>\$ (4,064,154.00)</u>	<u>\$ (4,292,276.00)</u>	<u>\$ (4,052,445.00)</u>	<u>\$ (3,920,592.00)</u>	<u>\$ (3,352,712.74)</u>	<u>\$ (3,500,487.05)</u>	<u>\$ (3,409,018.49)</u>	<u>\$ (3,600,771.48)</u>

**SEA ISLE CITY SCHOOL DISTRICT**  
**Changes in Net Assets,**  
**Last Nine Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 3,469,634.00	\$ 3,555,141.00	\$ 3,296,483.00	\$ 3,257,606.00	\$ 3,196,187.00	\$ 3,196,187.00	\$ 3,196,187.00	\$ 3,324,034.00	\$ 3,390,514.00
Tuition	30,850.00		6,160.00	21,200.00	7,660.00	26,549.27			
Unrestricted grants and contributions	428,781.00	727,136.00	690,736.00	747,325.00	793,945.00	438,702.80	140,441.58	31,523.12	70,294.00
Transportation from other LEAs	10,564.00								
Investment earnings	13,121.00	19,075.00	29,337.00	43,358.00	3,949.00	5,083.96	15,844.40	2,484.28	2,484.08
Miscellaneous income	142,101.00	25,164.00	9,424.00	3,513.00	30,522.00	17,195.28	22,092.34	9,683.44	11,510.55
Transfers	(30,000.00)	(35,979.00)	(33,000.00)	(43,000.00)	(22,600.00)	(15,000.00)	(22,000.00)	(10,000.00)	(25,000.00)
Unexpended State Grant Canceled								(91,050.00)	
Total governmental activities	4,065,051.00	4,290,537.00	3,999,140.00	4,030,002.00	4,009,663.00	3,668,718.31	3,352,565.32	3,266,674.84	3,449,802.63
Business-type activities:									
Investment earnings	47.00	31.00	38.00	43.00	62.00	37.54	16.17	13.29	19.54
Transfers	30,000.00	16,850.00	33,000.00	43,000.00	22,600.00	15,000.00	22,000.00	10,000.00	25,000.00
Total business-type activities	30,047.00	16,881.00	33,038.00	43,043.00	22,662.00	15,037.54	22,016.17	10,013.29	25,019.54
Total district-wide	\$ 4,095,098.00	\$ 4,307,418.00	\$ 4,032,178.00	\$ 4,073,045.00	\$ 4,032,325.00	\$ 3,683,755.85	\$ 3,374,581.49	\$ 3,276,688.13	\$ 3,474,822.17
Changes in Net Assets	\$ 395,450.00	\$ 245,572.00	\$ (264,549.00)	\$ 12,453.00	\$ 115,533.00	\$ 339,472.94	\$ (133,014.83)	\$ (127,980.31)	\$ (135,752.07)
Governmental activities	3,743.00	(2,308.00)	4,451.00	8,147.00	(3,790.00)	(8,429.83)	7,109.27	(4,350.05)	9,602.76
Business-type activities	399,193.00	243,264.00	(260,098.00)	20,600.00	111,743.00	331,043.11	(125,905.56)	(132,330.36)	(125,949.31)

Source: CAFR Schedule A-2

**SEA ISLE CITY SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds,**  
**Last Nine Fiscal Years**  
*(modified accrual basis of accounting)*

Exhibit J-3

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,122.99
Committed								439,180.24	411,112.32
Assigned								266,677.00	13,937.00
Unassigned								320,967.29	324,276.00
Reserved	967,544.00	1,164,565.00	883,030.00	908,157.00	832,432.00	615,880.96	398,617.96	-	-
Unreserved	91,645.00	154,579.00	175,266.00	146,933.00	281,455.00	367,350.64	468,033.59	-	-
Total general fund	\$ 1,059,189.00	\$ 1,319,144.00	\$ 1,058,296.00	\$ 1,055,090.00	\$ 1,113,887.00	\$ 983,231.60	\$ 866,651.55	\$ 1,026,824.53	\$ 840,448.31
All Other Governmental Funds									
Restricted									
Reported in Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.70	\$ 0.70
Committed									
Assigned									
Unassigned									
Unreserved, reported in:									
Special revenue fund	(352.00)	(352.00)	(325.00)	(305.00)	(735.00)	-	-	-	-
Capital projects fund						242,775.64	227,625.09	-	-
Total all other governmental funds	\$ (352.00)	\$ (352.00)	\$ (325.00)	\$ (305.00)	\$ (735.00)	\$ 242,775.64	\$ 227,625.09	\$ 0.70	\$ 0.70

\* - FY 2011 was the first year of reporting under GASB 54 - Fund Balance Classifications

Source: CAFR Schedule B-1

**SEA ISLE CITY SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds**  
**Last Nine Fiscal Years**

Exhibit J-4

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>									
Tax Levy	\$ 3,469,634	\$ 3,555,141	\$ 3,296,483	\$ 3,257,606	\$ 3,196,187	\$ 3,196,187	\$ 3,196,187	\$ 3,324,034	\$ 3,390,514
Tuition	30,850	6,160.00	6,160.00	21,200.00	7,660	26,549	26,549	2,484	2,484
Interest earnings on capital reserve fund	1,587	1,507.00	3,949.00	7,036.00	3,949	5,084	4,138	9,684	16,995
Miscellaneous	165,083	44,011	34,915	39,835	60,782	392,195	37,791	394,448	414,751
State sources	584,397	745,983	707,039	754,863	815,217	1,052,255	405,497	83,807	91,448
Federal sources	101,210	90,999	85,278	66,004	91,026	80,633	107,548	3,814,457	3,913,708
Total revenue	4,352,761	4,437,641	4,133,824	4,146,544	4,174,821	4,752,903	3,751,161	3,814,457	3,913,708
<b>Expenditures</b>									
Instruction:									
Regular instruction	971,457	975,476	941,160	927,430	825,730	803,044	637,651	478,963	468,857
Special education instruction	144,085	123,028	212,409	197,824	203,642	236,316	76,209	156,612	72,458
Other instruction	31,187	38,495	83,570	30,602	80,093	89,436	100	-	7,803
Support Services:									
Tuition	959,550	1,244,376	1,293,969	1,029,433	899,566	884,356	1,484,490	1,792,164	2,102,409
Student & instruction related services	457,382	556,266	479,591	552,546	634,776	620,767	350,293	303,922	326,818
School administrative services	78,406	21,858	7,660	8,517	7,944	8,992	7,943	25,608	8,810
Other administrative services	281,269	212,157	240,448	161,646	172,452	221,279	183,859	125,466	153,047
Plant operations and maintenance	229,533	225,616	270,310	303,027	258,924	244,057	247,584	201,880	191,742
Pupil transportation	127,323	163,171	205,562	195,890	215,167	277,658	300,000	261,126	321,121
Unallocated employee benefits	609,968	561,977	617,429	677,529	762,583	526,218	424,265	361,342	328,113
Special schools	5,855					43,993	49,821	-	19,005
Capital outlay	25,136	19,287	9,537	22,286	2,725	668,924	98,677	73,676	74,901
Other Undistributed Expenditures									
Debt service:									
Principal									
Interest and other charges									
Total Expenditures	3,921,151	4,141,707	4,361,645	4,106,730	4,063,602	4,625,040	3,860,892	3,780,859	4,075,084
Excess (Deficiency) of revenues over (under) expenditures	431,610	295,934	(227,821)	39,814	111,219	127,863	(109,731)	33,598	(161,375)
<b>Other Financing Sources (Uses):</b>									
Payment of prior unrecorded liabilities									
Transfers out	(30,000)	(35,979)	(33,000)	(43,000)	(30,260)	(180,000)	(22,000)	(146,574)	(25,000)
Transfers In					(22,600)	165,000		136,574	
Unexpended State Grant Canceled								(91,050)	
Total other financing sources (uses)	(30,000)	(35,979)	(33,000)	(43,000)	(52,860)	(15,000)	(22,000)	(101,050)	(25,000)
Net change in fund balances	\$ 401,610	\$ 259,955	\$ (260,821)	\$ (3,186)	\$ 58,359	\$ 112,863	\$ (131,731)	\$ (67,452)	\$ (186,375)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: CAFR Schedule B-2

Exhibit J-5

SEA ISLE CITY SCHOOL DISTRICT  
 General Fund Other Local Revenue by Source,  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments		Capital Res. Interest on Investments		Tuition Revenue		Miscellaneous		Totals
	\$		\$		\$		\$		
2003		16,559.00		1,463.00		3,621.00		14,411.00	36,054.00
2004		11,534.00		1,587.00		30,850.00		152,665.00	196,636.00
2005		17,568.00		1,507.00				25,164.00	44,239.00
2006		25,388.00		3,949.00		6,160.00		9,527.00	45,024.00
2007		36,322.00		7,036.00		21,200.00		3,513.00	68,071.00
2008		41,233.00		3,949.00		7,660.00		16,144.00	68,986.00
2009		19,825.22		5,083.96		26,549.27		(2,629.94)	48,828.51
2010		11,706.45		4,137.95		-		22,092.34	37,936.74
2011		7,612.87		2,484.28		-		1,070.57	11,167.72
2012		2,484.08		-		-		11,510.55	13,994.63

Source: District Records

Exhibit J-6

SEA ISLE CITY SCHOOL DISTRICT  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
2003	\$ 23,478,000	\$ 1,005,963,800			\$ 47,124,500			\$ 1,076,566,300		\$ 916,003	\$ 1,077,482,303	0.323	\$ 2,174,760,373
2004	106,520,800	3,242,477,700			96,408,800			3,445,407,300		1,755,157	3,447,162,457	0.104	2,595,507,337
2005	123,236,900	3,278,218,700			95,094,100			3,496,549,700		1,712,861	3,498,262,561	0.095	3,408,196,390
2006	137,965,800	3,319,890,300			94,358,700			3,552,214,800		1,604,836	3,553,819,636	0.092	4,280,717,328
2007	114,391,100	3,410,254,600			92,979,800			3,617,625,500		1,218,827	3,618,844,327	0.089	4,863,413,909
2008	121,560,200	4,528,268,900			131,636,000			4,781,485,100		1,461,392	4,782,946,492	0.067	4,915,849,090
2009	118,300,600	4,569,082,600			131,250,000			4,818,633,200		1,476,759	4,820,109,959	0.067	4,873,989,444
2010	80,672,500	4,630,091,500			133,862,500			4,844,626,500		1,464,987	4,846,091,487	0.069	4,844,626,500
2011	89,614,500	4,634,093,200			133,038,500			4,856,746,200		1,352,890	4,858,099,090	0.070	4,661,559,263
2012	89,986,200	4,643,603,200			130,183,900			4,863,773,300		1,361,587	4,865,134,887	0.072	4,481,463,055

Source: County Abstract of Rates & Municipal Tax Assessor  
R = Revaluation/Reassessment

Exhibit J-7

**SEA ISLE CITY SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	SEA ISLE CITY SCHOOL DISTRICT			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Cape May County	Municipal Local Purpose	Municipal	
2003	0.323		0.323	0.673	0.694		1.690
2004	0.236		0.236	0.220	0.104		0.560
2005	0.235		0.235	0.240	0.095		0.570
2006	0.263		0.263	0.255	0.092		0.610
2007	0.291		0.291	0.260	0.089		0.640
2008	0.067		0.067	0.197	0.254		0.518
2009	0.067		0.067	0.205	0.274		0.546
2010	0.069		0.069	0.210	0.293		0.572
2011	0.070		0.070	0.213	0.292		0.575
2012	0.072		0.072	0.214	0.293		0.579

Source: District Records and Municipal Tax Collector

**SEA ISLE CITY SCHOOL DISTRICT**  
**Principal Property Tax Payers,**  
**Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Freda Sea Isle Inn, Inc	\$ 5,319,700	1	0.11%	\$ 4,371,700	4	
To-Glo Corp	4,217,800	2	0.09%	3,275,000	8	
First Savings & Loan of Sea Isle	4,182,700	3	0.09%			0.00%
W&C Enterprises, LLC	3,857,800	4	0.08%			
Taxpayer	3,732,400	5	0.08%			0.00%
J.F. Builders	3,694,700	6	0.08%	5,866,600	2	
Taxpayer 1	3,636,100	7	0.07%	3,790,500	5	
Taxpayer 2	3,579,000	8	0.07%	3,596,200	6	
Taxpayer 3	3,409,200	9	0.07%	3,309,000	7	0.31%
Taxpayer 4	3,343,300	10	0.07%	3,180,400	10	0.30%
Sisters of Mercy				6,424,700	1	0.60%
Desiderio Partnership				5,464,500	3	0.51%
Seaweek Holding, LLC				3,192,700	9	0.30%
<b>Totals</b>	<b>\$ 38,972,700</b>		<b>0.80%</b>	<b>\$ 42,471,300</b>		<b>2.00%</b>
	District Assessed Value		\$ 4,865,134,887			\$ 1,077,482,303

Source: District CAFR & Municipal Tax Assessor

**SEA ISLE CITY SCHOOL DISTRICT  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

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	
2003	3,271,239.00	3,271,239.00	100%	-
2004	3,469,634.00	3,469,634.00	100%	-
2005	3,555,141.00	3,555,141.00	100%	-
2006	3,296,483.00	3,296,483.00	100%	-
2007	3,257,606.00	3,257,606.00	100%	-
2008	3,196,187.00	3,196,187.00	100%	-
2009	3,196,187.00	3,196,187.00	100%	-
2010	3,196,187.00	3,196,187.00	100%	-
2011	3,324,034.00	3,324,034.00	100%	-
2012	3,390,514.00	3,390,514.00	100%	-

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

Exhibit J-10

SEA ISLE CITY SCHOOL DISTRICT  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANS)	Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases		Capital Leases				
2003									36,492
2004									38,740
2005									40,316
2006									42,322
2007									44,575
2008									46,067
2009					375,000.00		375,000.00		46,329
2010					305,348.47		305,348.47		47,498
2011					233,051.48		233,051.48		Not available
2012					158,150.39		158,150.39		Not available

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

**SEA ISLE CITY SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

**Exhibit J-11**

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	-	-	-	0.00%	36,492
2004	-	-	-	0.00%	38,740
2005	-	-	-	0.00%	40,316
2006	-	-	-	0.00%	42,322
2007	-	-	-	0.00%	44,575
2008	-	-	-	0.00%	46,067
2009	-	-	-	0.00%	46,329
2010	-	-	-	0.00%	47,498
2011	-	-	-	0.00%	Not available
2012	-	-	-	0.00%	Not available

**SEA ISLE CITY SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Bonded Debt,**  
**As of December 31, 2011**

**Exhibit J-12**

<u>Governmental Unit</u>	Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt Repaid with Property Taxes</b>			
Sea Isle City	\$ 36,474,464.00	100.00%	\$ 36,474,464.00
<b>Other Debt</b>			
County of Cape May	133,812,537.00	9.03%	12,086,267.69
Cape May County Municipal Utilities Authority	86,849,978.00	9.03%	7,844,497.28
Cape May County Bridge Commission	14,739,853.00	9.03%	1,331,338.70
Subtotal, Overlapping Debt			57,736,567.67
<b>Sea Isle City School District Direct Debt</b>			-
<b>Total Direct and Overlapping Debt</b>			<b>\$ 57,736,567.67</b>

Sources:

- Sea Isle City - 2011 Audit Report
- County of Cape May - 2011 Audit Report
- Cape May County Municipal Utilities Authority - 2011 Audit Report
- Cape May County Bridge Commission - 2011 Audit Report
- District Records

SEA ISLE CITY SCHOOL DISTRICT  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

Exhibit J-13

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 53,909,323	\$ 65,047,430	\$ 80,114,021	\$ 101,096,052	\$ 123,339,622	\$ 138,448,039	\$ 144,662,186	\$ 144,472,188	\$ 142,275,447	\$ 140,194,671
Total net debt applicable to limit										
Legal debt margin	\$ 53,909,323	\$ 65,047,430	\$ 80,114,021	\$ 101,096,052	\$ 123,339,622	\$ 138,448,039	\$ 144,662,186	\$ 144,472,188	\$ 142,275,447	\$ 140,194,671
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	2011
Equalized valuation basis	\$ 4,622,490,633
2010	4,645,341,356
2009	4,751,635,144
	<u>\$ 14,019,467,133</u>
Average equalized valuation of taxable property	\$ 4,673,155,711
Debt limit ( 3% of average)	140,194,671
Net bonded school debt	-
Legal debt margin	<u>\$ 140,194,671</u>

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

**SEA ISLE 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
2002	2,933	105,743,449	36,053	10.7%
2003	2,961	108,052,812	36,492	11.0%
2004	2,950	114,283,000	38,740	7.7%
2005	2,946	118,770,936	40,316	5.2%
2006	2,943	124,553,646	42,322	5.5%
2007	2,926	130,426,450	44,575	5.2%
2008	2,909	133,816,909	46,001	6.5%
2009	2,914	135,002,706	46,329	9.3%
2010	2,114	100,410,772	47,498	9.7%
2011	2,099	Not Available	Not Available	10.2%

\*\* County wide information

Source:

U.S. Department of Commerce, Bureau of Economic Analysis,  
 Regional Economic Information System; New Jersey Department of Labor,  
 Bureau of Labor Force Statistics; U.S. Bureau of Census, Population Division

**SEA ISLE CITY SCHOOL DISTRICT  
Principal Employers,  
Current Year and Nine Years Ago**

**Exhibit J-15**

Employer	2012			2003		
	Year- Round Employees	Rank	Percentage of Total Employment	Year- Round Employees	Rank	Percentage of Total Employment
	Not Available			Not Available		
Totals	-		-	-		-

Source:  
Information was not available from any source

**SEA ISLE CITY SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction:										
Regular instruction		16.5	16.5	12.5	12.0	12.0	10.0	10.0	10.0	9.0
Special education instruction		3.0	5.0	4.0	3.0	3.0	3.0	1.0	1.0	1.0
Other special education instruction		2.0	3.0	3.0	3.0	3.0	1.0			
Vocational education										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services										
General administrative services										
School administrative services		3.0	2.0	2.0	2.0	1.0	1.5	1.5	0.5	0.5
Business administrative services		2.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5
Plant operations and maintenance		3.0	3.0	3.0	3.0	1.0	2.0	2.0	1.5	1.5
Child Care		2.0								
Food Service										
<b>Total</b>	-	32	30.5	25.5	24	21	18.5	15.5	13.5	12.5

Accurate information is not available for 2003

Source: District Records, ASSA, Certified Staff Report

Exhibit J-17

SEA ISLE CITY SCHOOL DISTRICT  
 Operating Statistics,  
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	ASSA 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				
2003	144	\$ 4,340,696	\$ 30,144	44.87%	29	1:12	1:5	144.0	44.0	-20.4%	30.6%
2004	134	3,951,619	29,490	-2.17%	25	1:10.86	1:7.38	134.0	126.0	-6.9%	94.0%
2005	102	4,177,686	40,958	38.89%	21	1:4.83	1:5.71	102.0	95.0	-23.9%	93.1%
2006	98	4,259,988	43,469	6.13%	21	1:4.81	1:5.68	98.0	91.0	-3.9%	92.9%
2007	92	4,079,430	44,342	2.01%	18	1:4.01	1:5.90	92.0	87.0	-6.1%	94.6%
2008	79	3,950,866	50,011	12.79%	18	1:8.85	1:1.54	81.0	81.0	-12.0%	100.0%
2009	67	3,971,116	59,270	18.51%	14	1:5.71	1:3.86	75.5	69.4	-6.8%	91.9%
2010	60	3,763,247	62,721	5.82%	11	1:5.45	N/A	59.0	54.4	-21.9%	92.2%
2011	48	3,717,183	77,441	23.47%	11	1:4.36	N/A	47.0	43.9	-20.3%	93.4%
2012	46	4,000,183	86,960	12.29%	10	1:4.60	N/A	41.0	38.5	-12.8%	93.9%

Source: District records, ASSA and Certificated Staff Report

**SEA ISLE CITY SCHOOL DISTRICT**  
**School Building Information,**  
**Last Ten Fiscal Years**

**Exhibit J-18**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>District Buildings</b>										
<b>Elementary</b>										
See Isle City Public School										
Square Feet	39,348	39,348	39,348	39,348	39,348	39,348	39,348	39,348	39,348	39,348
Capacity (students)	285	285	285	285	285	285	285	285	285	285
Enrollment	144	134	102	98	92	79	67	60	48	46

Number of Schools at June 30, 2012  
 Elementary - 1

Source: District Records, ASSA

SEA ISLE CITY SCHOOL DISTRICT  
 General Fund  
 Schedule of Required Maintenance for School Facilities,  
 Last Nine Fiscal Years  
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sea Isle City School	N/A	\$ 40,570	\$ 62,883	\$ 63,117	\$ 67,036	\$ 72,533	\$ 29,344	\$ 22,762	\$ 18,386	\$ 23,288	\$ 23,288
Total School Facilities		40,570	62,883	63,117	67,036	72,533	29,344	22,762	18,386	23,288	23,288
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 40,570	\$ 62,883	\$ 63,117	\$ 67,036	\$ 72,533	\$ 29,344	\$ 22,762	\$ 18,386	\$ 23,288	\$ 23,288

Source: District Records

**SEA ISLE CITY SCHOOL DISTRICT**  
**Insurance Schedule**  
**For the Fiscal Year Ended June 30, 2012**  
*(Unaudited)*

**Exhibit J-20**

Company	Type of Coverage	Amount of Coverage	Deductible
NJSBAIG/CAIP	School Package Policy		
	Blanket Real & Personal Property	\$ 6,961,036	\$ 1,000
	Environmental Pkg	1,000,000	10,000
	Extra Expense	50,000,000	1,000
	Valuable Papers	10,000,000	1,000
	Electronic Data Processing		
	Blanket Hardware	18,000	1,000
	Boiler & Machinery Coverage		
	Property Damage/Bus. Inc. CSL	100,000,000	1,000
	Extra Expense	10,000,000	
	Crime Coverage		
	Money & Securities Limit	5,000	500
	Board Sec./Bus. Administrator Bond	2,000	500
	Comprehensive Gen. Liability Coverage	6,000,000	1,000
	Automobile Coverage		
BI & PD - Combined Single Limit	6,000,000	-	
Workers Comp & Employers Liability	2,000,000		
Erros and Omissions			
Limit of Liability	16,000,000	5,000	
Federal	Supplemental Indemnity Maximum of \$2,000 per week	Full Salary of Ee less WC payment	
Market	Student Accident Policy		
	Medical Expense Benefit	1,000,000	
	Catastrophic Cash Benefit	1,000,000	
Harleysville	Flood Insurance Policy		
	Building - 4500 Park Road	225,200	1,000
	Contents	155,200	1,000
RLI	Bonds		
	Treasurer	160,000	

Source: District Records

# **Single Audit Section**

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**K-1 REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and  
Members of the Board of Education  
Sea Isle City School District  
Sea Isle City, NJ

We have audited the basic financial statements of the Board of Education of the Sea Isle City School District, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated November 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered the Sea Isle City Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sea Isle City School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sea Isle City School District Board of Education's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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, detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

This report is intended for the information of the management of the Board of Education of the Sea Isle City School District, the New Jersey State Department of Education (the cognizant audit agency), other state and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these parties.

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

*Glen J. Ortman*

Glen J. Ortman  
Certified Public Accountant  
Licensed Public School Accountant  
No. 853

November 9, 2012



SEA ISLE CITY SCHOOL DISTRICT  
 Schedule of Expenditures of State Financial Assistance  
 For the Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years Balances	Balance at June 30, 2012			MEMO
				Deferred Revenue/ (Accts Receivable)	Due to Grantor	Carryover (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	
<b>State Department of Education</b>													
General Fund:													
Transportation Aid	12-495-034-5120-014	7/1/2011 6/30/2012	\$ 90,895.00	\$ -	\$ -	\$ -	\$ 90,895.00	\$ (90,895.00)	\$ -	\$ -	\$ -	\$ 3,949.51	\$ 90,895.00
State Aid Public Cluster:													
Adjustment Aid	12-495-034-5120-011	7/1/2011 6/30/2012	55,670.00				55,670.00	(55,670.00)				2,418.94	55,670.00
Special Education Aid	12-495-034-5120-084	7/1/2011 6/30/2012	59,207.00				59,207.00	(59,207.00)				2,572.63	59,207.00
Security Aid	12-495-034-5120-084	7/1/2011 6/30/2012	17,443.00				17,443.00	(17,443.00)				757.92	17,443.00
Total State Aid Public Cluster							132,320.00	(132,320.00)				5,749.49	132,320.00
Extraordinary Aid	12-495-034-5120-044	7/1/2011 6/30/2012	80,321.00					(80,321.00)					80,321.00
Extraordinary Aid	11-495-034-5120-044	7/1/2010 6/30/2011	111,508.00				111,508.00						111,508.00
Non-Public Transportation Aid	12-100-034-5120-068	7/1/2011 6/30/2012	3,654.00					(3,654.00)					3,654.00
Non-Public Transportation Aid	11-100-034-5120-068	7/1/2010 6/30/2011	4,872.00				4,872.00						4,872.00
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/2011 6/30/2012	47,064.47				47,064.47	(47,064.47)					47,064.47
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/2010 6/30/2011	51,928.28				2,585.32						51,928.28
Total General Fund							342,180.32	(307,190.00)				9,689.00	475,496.28
Special Revenue Fund:													
Teacher Mentoring	08-495-034-5120-052	7/1/2007 6/30/2008	1,583.00					1,583.00					-
Total Special Revenue Fund								1,583.00					-
<b>State Department of Agriculture</b>													
Enterprise Fund:													
Child Nutrition Program Cluster (State):													
National School Lunch Program (State Share)	11-100-010-3360-067	7/1/2010 6/30/2011	212.39	(14.54)			14.54						212.39
National School Lunch Program (State Share)	12-100-010-3360-067	7/1/2011 6/30/2012	185.75				181.33	(185.75)		(4.42)			185.75
Total Child Nutrition Program Cluster (State)							195.87	(185.75)		(4.42)			395.14
Total Enterprise Fund							195.87	(185.75)		(4.42)			395.14
<b>Total State Financial Assistance</b>							\$ 342,376.19	\$ (307,375.75)	\$ 1,583.00	\$ (83,979.42)	\$ -	\$ 9,689.00	\$ 475,896.42

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

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2012**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Education, Sea Isle City School District. The Board of Education is defined in Note 1(A) 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 expenditures 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 enterprise funds, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(B) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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 GAAP reporting, revenue is not recognized until the subsequent year or when the 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 two state aid payments in the current budget year, which is mandated pursuant to *N.J.S. 18A:22-4.2*. For GAAP purposes that payment is not recognized until the subsequent 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 recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last two state aid payments in the current budget year, consistent with *N.J.S. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,819 for the general fund and \$0 for the Special Revenue Fund. See the Notes to 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 follows:

	<u>Federal</u>	<u>State</u>	<u>TPAF Pension</u>	<u>Total</u>
General Fund	\$ 362.00	\$ 414,751.47	\$ (63,316.00)	\$ 351,797.47
Special Revenue Fund	91,086.00			91,086.00
Food Service Fund	6,484.25	185.77		6,670.02
	<u>\$ 97,932.25</u>	<u>\$ 414,937.24</u>	<u>\$ (63,316.00)</u>	<u>\$ 449,553.49</u>

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.

**SEA ISLE CITY SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2012  
(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 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, 2012. TPAF social security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**SEA ISLE CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Section I - Summary of Auditor's Results***

**Financial Statements**

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

2) Significant Deficiencies identified? \_\_\_\_\_ Yes   X   No

Non-compliance material to basic financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards N/A**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ No

2) Significant Deficiencies identified? \_\_\_\_\_ Yes \_\_\_\_\_ No

Type of auditor's report issued on compliance for major programs:  
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? \_\_\_\_\_ Yes \_\_\_\_\_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ No

**SEA ISLE CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

***Section I - Summary of Auditor's Results (Continued)***

**State Awards**                      **N/A**

Dollar threshold used to distinguish between type A and type B programs:                      \$ N/A

Auditee qualified as low-risk auditee?                      \_\_\_\_\_ Yes                      \_\_\_\_\_ No

Type of auditor's report issued on compliance for major programs:                      N/A

Internal Control over major programs:

1) Material weakness(es) identified?                      \_\_\_\_\_ Yes                      \_\_\_\_\_ No

2) Significant Deficiencies identified?                      \_\_\_\_\_ Yes                      \_\_\_\_\_ none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?                      \_\_\_\_\_ Yes                      \_\_\_\_\_

Identification of major programs:

GMIS Number(s)

Name of State Program

**SEA ISLE CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

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

**NONE**

***Section III - Federal Awards and State Financial Assistance Statement Findings and Questioned Costs***

**STATE AWARDS:**

**NONE**

**FEDERAL AWARDS:**

**NONE**

**SEA ISLE CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)**

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 11-1**

Executive County Superintendent approval should be requested for any transfer that on a cumulative basis exceeds 10 percent of the budget line item.

This finding was corrected during fiscal year 2012.

**STATE**

**None**

**FEDERAL:**

**None**