

**SEASIDE HEIGHTS SCHOOL DISTRICT**

Seaside Heights, New Jersey  
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**SEASIDE HEIGHTS BOARD OF EDUCATION**

**SEASIDE HEIGHTS, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared by**

**Seaside Heights Board of Education**



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**INTRODUCTORY SECTION**

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# **Seaside Heights School District**

1200 Bay Boulevard  
Seaside Heights, NJ 08751  
(732) 793-8485 Fax (732) 793-5874

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*Dr. Triantafillos Parlapanides*  
Superintendent of Schools

*Christopher Raichle*  
Principal

*Kevin O'Shea*  
Business Admin/Board Secretary

November 30, 2015

Honorable President and Members of the Board of Education  
Seaside Heights School District  
1200 Bay Boulevard  
Seaside Heights, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Seaside Heights School District for the fiscal year that ended June 30, 2015 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 School District. 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis and the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "*Audits of State and Local Governments and Non-Profit Organizations*," and New Jersey OMB's Circular(s) 04-04 and/or 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aids*." Information related to this single audit, including the auditor's reports on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## **1. REPORTING ENTITY AND ITS SERVICES:**

Seaside Heights School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board GASB as established by GASB Statement 34. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular as well as special education for handicapped youngsters.

## **2. ECONOMIC CONDITION AND OUTLOOK:**

Seaside Heights is a summer community with a very transient school population. Due to winter rentals, Seaside Heights School District's poverty percentage is high, thus qualifying it as a Title I "No Child Left Behind" federal dollars are being used aggressively to try to reduce teacher-student ratio, extend the learning day and supplement educational experiences.

## **3. MAJOR INITIATIVES:**

School year 2014-15 was a productive and innovative year. The District continued its recovery from Super Storm Sandy. The District renovated its Media Center so that the Facility is now one of the best in the State.

## **4. INTERNAL ACCOUNTING CONTROLS:**

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

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

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

## **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the District. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of the fund balance at June 30, 2015.

## **6. ACCOUNTING SYSTEM AND REPORTS:**

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

**7. FINANCIAL INFORMATION AT FISCAL YEAR-END:**

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 will present a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2015.

**8. DEBT ADMINISTRATION:**

As of June 30, 2015, the District's outstanding debt liability, including interest, beyond one year is \$2,679,742.

**9. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Units 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.

**10. RISK MANAGEMENT:**

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

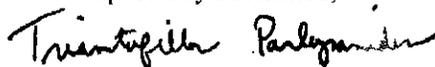
**11. OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., was selected by the Seaside Heights School District. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U. S. Office of Management and Budget Circular A-133, "Audits of State, Local Government, non-profit organizations, and State Treasury OMB Circular(s) 04-04 and/or 15-08," "Single Audit Policy for Receipts of Federal Grants, State Grants and State Aid Payments." The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**12. ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Seaside Heights Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Triantafillos Parlapanides  
Superintendent of Schools



Kevin O'Shea  
Business Administrator/Board Secretary

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**SEASIDE HEIGHTS SCHOOL DISTRICT**  
1200 Bay Boulevard  
Seaside Heights, NJ 08751

**Board of Education**

**Superintendent**

**Business Administrator/  
Board Secretary**

**Principal**

**Custodial & Cafeteria Staff**

**Instructional Staff**

**Secretarial Staff**

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**SEASIDE HEIGHTS BOARD OF EDUCATION**  
1200 Bay Boulevard  
Seaside Heights, New Jersey

**ROSTER OF OFFICIALS**

**JUNE 30, 2015**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Mr. Todd Genty, President	2016
Mr. Erik Hershey, Vice President	2017
Mr. Andrew Leahy	2016
Mr. Raymond Powanda-Carvalho	2017
Mr. Peter Smith	2016

**OTHER OFFICIALS**

Triantafillos Parlapanides, ED.D., Superintendent

Kevin O'Shea, CPA, Business Administrator

Ms. Kathleen Magarci, Treasurer of School Monies

Mr. David Cassadonte, Esq., Board Attorney

**SEASIDE HEIGHTS BOARD OF EDUCATION**  
Seaside Heights, New Jersey 08721

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Rodney R. Haines, CPA, PSA  
Holman Frenia Allison, P. C.  
680 Hooper Ave, Bldg B, Suite 201  
Toms River, New Jersey 08753

**ATTORNEY**

Mr. David Cassadonte, Esq., Board Attorney  
70 East Water Street  
Toms River, New Jersey 08753

**OFFICIAL DEPOSITORY**

Ocean First Bank  
975 Hooper Ave  
Toms River, New Jersey 08753

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Seaside Heights Board of Education  
Seaside Heights, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Seaside Heights Board of Education, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Seaside Heights Board of Education, County of Ocean, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### ***Adoption of New Accounting Pronouncement***

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Seaside Heights Board of Education's basic financial statements. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the Seaside Heights Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Seaside Heights Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines  
Certified Public Accountant  
Public School Accountant, No. 2198

Toms River, New Jersey  
November 30, 2015

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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**SEASIDE HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**UNAUDITED**

The discussion and analysis of Seaside Heights School District's financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2015. 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 notes to the basic financial statements and financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34-Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Comparative information between the current fiscal year (2014-2015) and the prior fiscal year (2013-2014) is required and is presented in the MD&A.

**Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2015 are as follows:

- As described in Note 18 to the financial statements, "Prior Period Adjustment/Restatement of Net Position", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of \$1,320,297 as indicated in Note 18 to the financial statements. There was also a prior period restatement due to the correction of an error, the result of which the District improperly understated capital assets as well as net investment in capital assets in the amount of \$825,147. Prior year balances reflected in MD&A have been updated, for comparison purposes, to reflect the change where indicated.
- Superstorm Sandy hit the State of New Jersey on October 29, 2012. During primarily the summer of 2013, the District rebuilt its lone building, the Hugh J. Boyd Elementary School from the damage that was caused by the storm. As a result, capital and plant operating costs drove up total expenditures for the 2013-2014 year. In all, the District sustained damages and replacement costs totaling about \$1,950,074 as a result of the storm in 2013-2014. The District submitted these expenditures to its insurance company and to FEMA for reimbursement and received payments totaling \$535,274 in 2014-2015. As of June 30, 2015 neither FEMA nor Insurance claims were completely closed out.
- The District applied for and was approved to be a Choice School District beginning in the 2013-2014 year. This program, authorized by State statute and administered by the NJ Department of Education, allows students from other towns to enroll at Seaside Heights. For each student enrolled through the program, the District receives additional state aid. Over the last several years the District was able to utilize Choice Funds for various capital improvements, purchases of textbooks and equipment.
- During the 2013-2014 school year, The District contracted to install a new roof for the Hugh J. Boyd School. The project, which cost slightly over \$504,000, was primarily financed via a 5-year ground lease on the building. Although not related to Super Storm Sandy, this project was completed simultaneous to other facility projects that were related to Sandy so that the building was ready for its grand re-opening in September 2013. The funds currently in the District's Capital Reserve Account, along with future monies raised through local property taxes, will finance the lease payments for this project. As of June 30, 2015, the outstanding balance of the lease for this project was \$307,482.

- For the 2013-2014 and 2014-2015 school years, the District applied and was approved for the Community Disaster Loan (CDL) Program administered by FEMA. This program allows for entities to utilize Loan proceeds in lieu of raising taxes so as to provide property tax relief in the years following a presidentially declared disaster. The District was approved for up to \$1,043,805 through this program and utilized \$777,550 of loan proceeds in 2013-2014 and the remaining \$266,255 for the 2014-2015 fiscal year. The District expects a portion of this loan to eventually be waived based on the criteria and historical trends associated with this federal program. In addition, the District has set up a liability in the amount of \$356,521 for Prior Year Overfunding of FEMA Aid requested by the granting agency, this amount is listed as “Payable to Other Governments” on the Exhibit B-1 of the District’s Financial Statements.
- Total spending for all our programs was \$4,990,750 for the school year ending June 30, 2015. Most of the School District’s taxes and state aid program funds were used to support the cost of services for regular instructional programs. State and Federal aid in the amount of \$1,029,671 supported the educational programs for all our students. The School District’s taxes, state aid, grants and contributions and other revenue sources were sufficient to cover all unfunded costs incurred in the 2014-2015 school year.
- General revenues accounted for \$3,722,462 in revenue or 72.44 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,059,347 or 20.62 percent of total revenues of \$5,138,330.
- Cash and cash equivalents increased by \$905,986, receivables decreased by \$641,568 and net capital assets increased by \$953,710. A portion of the increase in net capital assets is attributed to a prior period adjustment which is detailed in note 18 of the notes to the financial statements.
- Among governmental funds, the general fund had \$3,805,626 in revenues along with \$424,108 in other financing sources, and \$4,341,201 in expenditures. The District’s general fund balance decreased \$111,467 from 2014.
- For the 2014-2015 school year total expenses were more than total revenue and other financing sources. Thus, there was a decrease in the General Activities Net position of \$111,467 or an 12 % decrease from 2014.
- The District remains committed to sound financial management practices in response to the challenges posed by a stagnant economy, Superstorm Sandy, and the state’s budget crisis. Overall state revenues are expected to increase slightly this year and costs continue to increase for salaries, healthcare, and routine expenses. However the district will continue to investigate alternative revenue streams to fund new programs that target student achievement. Our financial goals are clear to present a balanced budget.

### **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 Seaside Heights School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District’s finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the school district’s most significant funds with all other nonmajor funds presented in total in one column. In the case of Seaside Heights School District, the General Fund is by far the most significant fund.

## **Reporting the school district as a whole**

### **Statement of Net Position and the Statement of Activities**

While these documents contain the large number of funds used by the school district to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the questions, “How did we do financially during 2015?” The Statement Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s Net Position. This change in Net Position is important because it tells the reader that, for the school district as a whole, the financial position of the school district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activity** – All of the School District’s programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extra-curricular activities.
- **Business Type Activity** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Community School enterprise funds are reported as a business activity.

## **Reporting the School District’s Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s general government operations and the basic service it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

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

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

### The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net Position may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following summarizes the net position at fiscal years ended June 30, 2015 and 2014.

<b>Net Position</b>				
<b>As of June 30, 2015</b>				
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Assets</b>				
Current and Other Assets	\$ 1,261,256	\$ 998,132	\$ 12,104	\$ 25,006
Capital Assets, Net	3,586,397	2,632,687	-	-
<b>Total Assets</b>	<b>4,847,653</b>	<b>3,630,819</b>	<b>12,104</b>	<b>25,006</b>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows Relating to Pension	104,629	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>4,952,282</b>	<b>3,630,819</b>	<b>12,104</b>	<b>25,006</b>
<b>Liabilities</b>				
Long-term Liabilities	2,679,742	1,254,808	-	-
Other Liabilities	647,052	195,928	12,067	24,755
<b>Total Liabilities</b>	<b>3,326,794</b>	<b>1,450,736</b>	<b>12,067</b>	<b>24,755</b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows Relating to Pension	149,496	-	-	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>3,476,290</b>	<b>1,450,736</b>	<b>12,067</b>	<b>24,755</b>
<b>Net Position</b>				
Net Investment in capital assets	3,276,528	2,212,190	-	-
Restricted	432,616	684,838	-	-
Unrestricted	(2,233,152)	(716,945)	37	251
<b>Total Net Position</b>	<b>\$ 1,475,992</b>	<b>\$ 2,180,083</b>	<b>\$ 37</b>	<b>\$ 251</b>

The following summarizes the changes in Net Position for the fiscal years ended June 30, 2015 and 2014.

### Changes in Net Position

<b>REVENUES</b>	<b>2015</b>	<b>2014</b>
Charges for Services	\$ 2,338	\$ 1,088
Operating Grants & Contribution	1,181,859	828,701
Property Taxes	2,430,356	2,027,387

Grants & Entitlements	1,029,671	919,862
Other	639,856	289,933
<b>Total Revenue</b>	<b>\$ 5,284,080</b>	<b>\$ 4,066,971</b>
<b>Expenses</b>	<b>2015</b>	<b>2014</b>
Instruction		
Regular	\$ 1,375,775	\$ 1,241,356
Special Education	332,050	338,961
Other Special Instruction	55,927	90,140
Other Instruction	75,587	-0-
Support Services		
Tuition	159,916	132,077
Student & Instr. Related	645,812	599,132
School Admin. Services	91,023	125,158
Other Admin Services	89,677	129,445
Plant Oper & Maintenance	287,790	1,199,796
Central Services & Adm. Info.	94,108	63,632
Transportation	104,021	62,423
Unallocated Benefits	1,546,013	1,052,905
Debt Services		
Interest on Debt	22,517	14,099
Unallocated Depreciation	196,340	171,074
Other	(85,806)	-0-
<b>Total Government Activities</b>	<b>\$ 4,990,750</b>	<b>\$ 5,220,198</b>
Business Type		
Food Service	145,964	129,386
<b>Total</b>	<b>145,964</b>	<b>129,386</b>
<b>Total District Expense</b>	<b>\$ 5,136,714</b>	<b>\$ 5,349,584</b>

### Governmental Activities

Property taxes made up 47.3 percent of revenues for governmental activities for the Seaside Heights School District for the year 2015. The District's total revenues and other financing sources were \$5,138,330 for the year ended June 30, 2015. Federal, state and local grants accounted for another 20.04 percent of revenue.

The total cost of all programs and services was \$4,990,750. Instruction expenses comprised approximately 36.85 percent of District expenses in 2015.

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.

### Business Type Activities

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

- Expenditures exceeded enterprise revenues by \$214.

- Charges for services represent 1.60 percent of revenue. This represents amounts paid by patrons for daily food services and community education programs.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast and donated commodities was \$122,499.

**The School District’s Funds**

All governmental funds (i.e. general fund, special revenue fund capital projects fund and debt service fund presented in the fund-based exhibits) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$4,290,232 with other financing sources of \$424,108 for a total of \$4,714,340; expenditures were \$4,822,143. The net change in fund balance for the year was a decrease of \$107,803.

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 year ended June 30, 2015 and the amount and percentage of increases and decreases in relation to prior year revenues:

<b>Summary of Governmental Fund Revenues</b>				
	Year Ended June 30, 2015	Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
<b>REVENUES</b>				
Local sources:				
Local Tax Levy	\$ 2,430,356	\$ 2,027,387	\$ 402,969	19.9%
Tuition	7,883	9,264	(1,381)	-14.9%
Miscellaneous	<u>96,699</u>	<u>233,591</u>	<u>(136,892)</u>	<u>-58.6%</u>
Total - Local Sources	<u>2,534,938</u>	<u>2,270,242</u>	<u>264,696</u>	<u>11.7%</u>
Federal Sources	296,489	264,788	31,701	12.0%
State Sources	<u>1,458,805</u>	<u>1,418,991</u>	<u>(39,814)</u>	<u>-2.8%</u>
Total - Govt Sources	<u>1,755,294</u>	<u>1,683,779</u>	<u>(8,113)</u>	<u>-0.5%</u>
<b>Total Revenues</b>	<u>\$ 4,290,232</u>	<u>\$ 3,954,021</u>	<u>\$ 336,211</u>	<u>8.5%</u>

Local Tax Levy increased by \$402,969. The increase is due to receiving a Community Disaster Loan from FEMA for \$777,550 in 2014, which directly offsets the local property tax. The District only received \$266,255 from that Program in 2015, which accounts for a large portion of the corresponding increase to the local Property Tax.

The following schedule represents a summary of general fund, special revenue fund, capital project fund and debt service fund expenditures for the year ended June 30, 2015 and the percentage of increases and decreases in relation to prior year amounts.

<b>Summary of Governmental Fund Expenditures</b>					
	<b>Year Ended</b>	<b>Year Ended</b>	<b>Amount of</b>	<b>Percent</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>Increase/ (Decrease)</b>	<b>Increase/ (Decrease)</b>	
Current:					
Regular Instruction	\$ 1,375,775	\$ 1,241,356	\$ 134,419	10.83%	
Special Education Instruction	387,977	429,101	(41,124)	-9.58%	
Other Instruction	75,587	-	75,587	100.00%	
Support Services and Undistributed Costs:					
Tuition	159,916	132,077	27,839	21.08%	
Student & Instruction Related Services	645,812	599,132	46,680	7.79%	
School Administrative Services	91,023	125,158	(34,135)	-27.27%	
General Administrative Services	89,677	129,445	(39,768)	-30.72%	
Central Services	38,113	33,914	4,199	12.38%	
Administrative Information Technology	55,995	29,718	26,277	88.42%	
Plant Operations and Maintenance	287,790	1,199,796	(912,006)	-76.01%	
Pupil Transportation	104,021	62,423	41,598	66.64%	
Unallocated Benefits	1,163,537	1,139,036	24,501	2.15%	
Debt Service	-	134,426	(134,426)	-100.00%	
Capital Outlay	<u>346,920</u>	<u>651,331</u>	<u>(304,411)</u>	<u>-46.74%</u>	
Total Expenditures	<u>\$ 4,822,143</u>	<u>\$ 5,906,913</u>	<u>\$ (1,084,770)</u>	<u>-18.36%</u>	

Changes in expenditures were the results of varying factors. Plant Operations and Maintenance along with Capital Outlay expenditures decreased primarily due to the amount of facility repairs that were done in the summer of 2013 related to Super Storm Sandy. Most other expenditures such as tuition and transportation costs varied due to a transient student population and/or students aging in and out of the School District.

### General Fund Budgeting Highlights

The School District's budget is prepared and 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.

### Capital Assets

At the end of the fiscal year 2015, the School District had invested in land, buildings, furniture and equipment and vehicles. The following shows fiscal 2015 and 2014 balances:

<b>Capital Assets</b>		
<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>
Building & Bldg Improvements	\$ 4,655,497	\$ 3,802,292
Machinery and Equipment	781,106	290,745
Land	75,364	75,364
Total Capital Assets	<u>5,511,967</u>	<u>4,168,401</u>
Less: Accumulated Depreciation	<u>(1,925,570)</u>	<u>(1,535,714)</u>
<b>Net Capital Assets</b>	<b><u>\$ 3,586,397</u></b>	<b><u>\$ 2,632,687</u></b>

Overall capital assets increased \$953,710 from fiscal year 2014 to fiscal year 2015. The increase is due to some new equipment purchased in the Media Center and a prior period accounting adjustment. For more detailed information, please refer to Note 18 in the Notes to the Financial Statements.

### **Debt Administration**

At June 30, 2015 and 2014, the School District had no outstanding debt.

At June 30, 2015, the School District was within its legal debt margin. For more detailed information, please refer to the Notes to the Financial Statements and Schedule J-13.

### **For the future**

The Seaside Heights School District is presently in good financial condition. The School District is proud of its community support of the public schools. The School District's system for financial planning, budgeting and internal financial controls are well regarded. The School plans to continue its sound management to meet the challenges of the future.

### **Contacting the School District's Financial 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 Kevin O'Shea, Business Administrator, at the Seaside Heights Board of Education, 1200 Bay Boulevard, Seaside Heights, New Jersey 08751. Please visit our website at <http://sshschool.org/>.

**BASIC FINANCIAL STATEMENTS**

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#### A. Government-Wide Financial Statements

The Statement of Net Position 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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**SEASIDE HEIGHTS BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 671,576	\$ 3,755	\$ 675,331
Receivables, Net	131,742	8,349	140,091
Restricted Assets:			
Capital Reserve Account - Cash	457,938	-	457,938
Capital Assets, Net (Note 6)	<u>3,586,397</u>	<u>-</u>	<u>3,586,397</u>
 Total Assets	 <u>4,847,653</u>	 <u>12,104</u>	 <u>4,859,757</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>104,629</u>	<u>-</u>	<u>104,629</u>
 Total Deferred Outflow of Resources	 <u>104,629</u>	 <u>-</u>	 <u>104,629</u>
Total Assets and Deferred Outflow of Resources	<u>4,952,282</u>	<u>12,104</u>	<u>4,964,386</u>
 LIABILITIES			
Accounts Payable	90,199	-	90,199
Interfund Payable	-	12,067	12,067
Payable to Other Governments	358,471	-	358,471
Accrued Interest Payable	25,322	-	25,322
Unearned Revenue	4,802	-	4,802
Pensions Payable	66,794	-	66,794
Noncurrent Liabilities (Note 7):			
Due Within One Year	101,464	-	101,464
Due Beyond One Year	<u>2,679,742</u>	<u>-</u>	<u>2,679,742</u>
 Total Liabilities	 <u>3,326,794</u>	 <u>12,067</u>	 <u>3,338,861</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>149,496</u>	<u>-</u>	<u>149,496</u>
 Total Deferred Inflows of Resources	 <u>149,496</u>	 <u>-</u>	 <u>149,496</u>
Total Liabilities and Deferred Inflows of Resources:	<u>3,476,290</u>	<u>12,067</u>	<u>3,488,357</u>
 NET POSITION			
Net Investment in Capital Assets	3,276,528	-	3,276,528
Restricted For:			
Other Purposes	432,616	-	432,616
Unrestricted	<u>(2,233,152)</u>	<u>37</u>	<u>(2,233,115)</u>
 Total Net Position	 <u>\$ 1,475,992</u>	 <u>\$ 37</u>	 <u>\$ 1,476,029</u>

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

SEASIDE HEIGHTS BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:					
Instruction:					
Regular	\$ 1,375,775	\$ -	\$ 360,715	\$ (1,015,060)	\$ (1,015,060)
Special Education	332,050	-	-	(332,050)	(332,050)
Other Special Instruction	55,927	-	-	(55,927)	(55,927)
Other Instruction	75,587	-	-	(75,587)	(75,587)
Support Services & Undistributed Costs:					
Tuition	159,916	-	-	(159,916)	(159,916)
Student & Instruction Related Services	645,812	-	33,622	(612,190)	(612,190)
School Administrative Services	91,023	-	-	(91,023)	(91,023)
Other Administrative Services	89,677	-	-	(89,677)	(89,677)
Central Services	38,113	-	-	(38,113)	(38,113)
Administrative Information Technology	55,995	-	-	(55,995)	(55,995)
Plant Operations & Maintenance	287,790	-	-	(287,790)	(287,790)
Pupil Transportation	104,021	-	11,471	(92,550)	(92,550)
Unallocated Benefits	1,546,013	-	653,539	(892,474)	(892,474)
Interest & Other Charges on Long Term Debt	22,517	-	-	(22,517)	(22,517)
Unallocated Adjustment to Fixed Assets	(85,806)	-	-	85,806	85,806
Unallocated Depreciation	196,340	-	-	(196,340)	(196,340)
Total Governmental Activities	4,990,750	-	1,059,347	(3,931,403)	(3,931,403)
Business-Type Activities:					
Food Service	145,964	2,338	122,512	-	(21,114)
Total Business-Type Activities	145,964	2,338	122,512	-	(21,114)
Total Primary Government	5,136,714	2,338	1,181,859	(3,931,403)	(3,952,517)

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

SEASIDE HEIGHTS BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	2,430,356	-	2,430,356
Tuition	7,883		7,883
Transfers to Other Funds	(20,900)	20,900	-
Federal and State Aid Not Restricted	1,029,671	-	1,029,671
Investment Earnings	150	-	150
Special Items:			
FEMA reimbursements	32,837	-	32,837
Prior Year Overfunding of FEMA Aid	(356,521)	-	(356,521)
Insurance Recovery Related to Impaired			
Capital Asset-Super Storm Sandy	502,437	-	502,437
Miscellaneous Income	96,549	-	96,549
Total General Revenues, Special Items, Extraordinary Items & Transfers	3,722,462	20,900	3,743,362
Change In Net Position	(208,941)	(214)	(209,155)
Net Position - Beginning, as restated, see Note 18	1,684,933	251	1,685,184
Net Position - Ending	1,475,992	37	1,476,029

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## B. Fund Financial Statements

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

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## Governmental Funds

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ 673,124	\$ -	\$ -	\$ -	\$ 673,124
Due from Other Funds	62,735	-	-	-	62,735
Receivables from Other Governments	13,625	53,638	-	-	67,263
Receivables - Other	52,212	-	-	-	52,212
Restricted Cash & Cash Equivalents	457,938	-	-	-	457,938
<b>Total Assets</b>	<b>\$ 1,259,634</b>	<b>\$ 53,638</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,313,272</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>Liabilities:</b>					
Cash Overdraft	\$ -	\$ 1,548	\$ -	\$ -	\$ 1,548
Accounts Payable	85,505	4,694	-	-	90,199
Interfund Payable	-	50,468	-	-	50,468
Payable to Other Governments	356,521	1,950	-	-	358,471
Unearned Revenue	55	4,747	-	-	4,802
<b>Total Liabilities</b>	<b>442,081</b>	<b>63,407</b>	<b>-</b>	<b>-</b>	<b>505,488</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Maintenance Reserve	56,691	-	-	-	56,691
Emergency Reserve	50,202	-	-	-	50,202
Capital Reserve Account	351,045	-	-	-	351,045
<b>Assigned to:</b>					
<b>Designated for Subsequent Year's Expenditures</b>					
	300,000	-	-	-	300,000
<b>Committed to:</b>					
Other Purposes	991	-	-	-	991
<b>Unassigned, Reported in:</b>					
General Fund	58,624	-	-	-	58,624
Special Revenue Fund	-	(9,769)	-	-	(9,769)
<b>Total Fund Balances</b>	<b>817,553</b>	<b>(9,769)</b>	<b>-</b>	<b>-</b>	<b>807,784</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 1,259,634</b>	<b>\$ 53,638</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

Amounts reported for governmental activities in the statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,511,967 and the accumulated depreciation is \$1,925,570.	3,586,397
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	(44,867)
Accrued interest payable and PERS pension payable are not recorded in the fund financial Statements due to the fact that the payables are not due in the period.	(92,116)
Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium, other post employment benefits and capital leases payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds.	(2,781,206)
<b>Net Position of Governmental Activities</b>	<b>\$ 1,475,992</b>

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

**SEASIDE HEIGHTS BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,430,356	\$ -	\$ -	\$ -	\$ 2,430,356
Tuition	7,883	-	-	-	7,883
Interest	150	-	-	-	150
Miscellaneous	9,944	86,605	-	-	96,549
Total Local Sources	<u>2,448,333</u>	<u>86,605</u>	<u>-</u>	<u>-</u>	<u>2,534,938</u>
State Sources	1,357,293	101,512	-	-	1,458,805
Federal Sources	-	296,489	-	-	296,489
Total Revenues	<u>3,805,626</u>	<u>484,606</u>	<u>-</u>	<u>-</u>	<u>4,290,232</u>
Expenditures:					
Current Expense:					
Regular Instruction	1,015,060	360,715	-	-	1,375,775
Special Education Instruction	332,050	-	-	-	332,050
Other Special Instruction	55,927	-	-	-	55,927
Vocational Education	-	-	-	-	-
Other Instruction	75,587	-	-	-	75,587
Support Services:					
Tuition	159,916	-	-	-	159,916
Student & Instruction Related Services	612,190	33,622	-	-	645,812
School Administrative Services	91,023	-	-	-	91,023
General Administrative Services	89,677	-	-	-	89,677
Central Services	38,113	-	-	-	38,113
Administrative Information Technology	55,995	-	-	-	55,995
Plant Operations & Maintenance	287,790	-	-	-	287,790
Pupil Transportation	104,021	-	-	-	104,021
Employee Benefits	1,163,537	-	-	-	1,163,537
Capital Outlay	260,315	86,605	-	-	346,920
Total Expenditures	<u>4,341,201</u>	<u>480,942</u>	<u>-</u>	<u>-</u>	<u>4,822,143</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(535,575)</u>	<u>3,664</u>	<u>-</u>	<u>-</u>	<u>(531,911)</u>
Other Financing Sources/(Uses):					
Community Disaster Loan (FEMA)	266,255	-	-	-	266,255
Insurance Recovery Related to Impaired Capital Asset-Super Storm Sandy	502,437	-	-	-	502,437
FEMA reimbursements	32,837	-	-	-	32,837
Prior Year Overfunding of FEMA Aid	(356,521)	-	-	-	(356,521)
Transfers Out	(20,900)	-	-	-	(20,900)
Total Other Financing Sources/(Uses)	<u>424,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424,108</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing (Uses)	<u>(111,467)</u>	<u>3,664</u>	<u>-</u>	<u>-</u>	<u>(107,803)</u>
Fund Balances, July 1	<u>929,020</u>	<u>(13,433)</u>	<u>-</u>	<u>-</u>	<u>915,587</u>
Fund Balances, June 30	<u>\$ 817,553</u>	<u>\$ (9,769)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 807,784</u>

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

**SEASIDE HEIGHTS BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (107,803)

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, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	(196,340)	
Adjustment to Fixed Asset Appraisal Report	85,806	
Capital Outlays	239,097	128,563

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Expense - PERS Contribution - 2015	52,978	
Unfunded TPAF Pension Expense	(333,724)	
State Share of Unfunded TPAF Pension Expense	333,724	
Pension Expense	(47,533)	5,445

Repayment of capital lease 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.

99,730

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Prior Year	10,898	
Current Year	(25,322)	(14,424)

In the statement of activities, certain operating expenses, e.g. compensated expenses (vacations & sick time) 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 paid. When the paid amount exceeds the earned amount the difference is an addition to the reconciliation; when the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation.

Prior Year	170,144	
Current Year	(224,341)	(54,197)

The FEMA Community Disaster Loan is reported in the governmental funds as revenue in the year the loan was issued. However, on the statement of activities, the costs of the loan is reported as debt until the loan is repaid.

Prior Year	777,550	
Current Year	(1,043,805)	(266,255)

Change in Net Position of Governmental Activities \$ (208,941)

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## Proprietary Funds

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	ENTERPRISE FUND	TOTALS
Current Assets:		
Cash & Cash Equivalents	\$ 3,755	\$ 3,755
Accounts Receivable	8,349	8,349
	<hr/>	<hr/>
Total Current Assets	12,104	12,104
	<hr/>	<hr/>
Total Assets	12,104	12,104
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Interfund Payable	12,067	12,067
	<hr/>	<hr/>
Total Current Liabilities	12,067	12,067
	<hr/>	<hr/>
NET POSITION		
Unrestricted	37	37
	<hr/>	<hr/>
Total Net Position	\$ 37	\$ 37
	<hr/> <hr/>	<hr/> <hr/>

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

**SEASIDE HEIGHTS BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ENTERPRISE FUND	TOTALS
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 2,338	\$ 2,338
Total Operating Revenue	<u>2,338</u>	<u>2,338</u>
Operating Expenses:		
Salaries	17,499	17,499
Supplies and Materials	17,781	17,781
Cost of Sales	<u>110,684</u>	<u>110,684</u>
Total Operating Expenses	<u>145,964</u>	<u>145,964</u>
Operating (Loss)/Gain	<u>(143,626)</u>	<u>(143,626)</u>
Nonoperating Revenues:		
State Sources:		
State School Lunch Program	1,549	1,549
Federal Sources:		
School Breakfast Program	26,321	26,321
National School Lunch Program	81,861	81,861
National School Performance Based Program	1,709	1,709
Food Distribution Program	11,059	11,059
Miscellaneous	<u>13</u>	<u>13</u>
Total Nonoperating Revenues	122,512	122,512
Other Financing Sources Over/(Under)		
Transfers In	<u>20,900</u>	<u>20,900</u>
Total Other Financing Sources Over/(Under)	<u>20,900</u>	<u>20,900</u>
Change in Net Position	(214)	(214)
Total Net Position - Beginning	<u>251</u>	<u>251</u>
Total Net Position - Ending	<u>\$ 37</u>	<u>\$ 37</u>

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

**SEASIDE HEIGHTS BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ENTERPRISE FUND	TOTALS
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 2,338	\$ 2,338
Payments to Employees	(17,499)	(17,499)
Payments to Suppliers	(128,843)	(128,843)
	(144,004)	(144,004)
Net Cash From Operating Activities		
Cash Flows From Noncapital Financing Activities:		
State Sources	1,611	1,611
Federal Sources	108,832	108,832
Transfers (to)/from Other Funds	20,900	20,900
	131,343	131,343
Net Cash From Noncapital Financing Activities		
Cash Flows From Investing Activities:		
Interest	13	13
	13	13
Net Cash From Investing Activities		
Net Change in Cash & Cash Equivalents	(12,648)	(12,648)
Cash and Cash Equivalents, July 1	16,403	16,403
	\$ 3,755	\$ 3,755
Cash & Cash Equivalents, June 30	\$ 3,755	\$ 3,755

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES**

Cash From Operating Activities:		
Operating Loss	\$ (143,626)	\$ (143,626)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:		
Food Distribution Program	11,059	11,059
Change in Assets & Liabilities:		
Increase/(Decrease) in Interfund (Receivable)/Payable	13,318	13,318
Increase/(Decrease) in Accounts Payable	(24,755)	(24,755)
	(378)	(378)
Total Adjustments		
Net Cash From Operating Activities	\$ (144,004)	\$ (144,004)

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

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Fiduciary Fund

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUNDS	TOTALS
Cash & Cash Equivalents	\$ 1,643	\$ 126,503	\$ 128,146
Total Assets	<u>1,643</u>	<u>126,503</u>	<u>128,146</u>
LIABILITIES			
Payroll Deductions & Withholdings	-	126,303	126,303
Interfunds Payable	-	200	200
Total Liabilities	<u>-</u>	<u>126,503</u>	<u>126,503</u>
NET POSITION			
Reserved: Unemployment Claims	<u>1,643</u>	-	1,643
Total Net Position	<u>\$ 1,643</u>	<u>\$ -</u>	<u>\$ 1,643</u>

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

**SEASIDE HEIGHTS BOARD OF EDUCATION  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ADDITIONS:	PRIVATE PURPOSE <hr/> UNEMPLOYMENT COMPENSATION TRUST	TOTALS
Contributions:		
Interest Earned	\$ 5	\$ 5
Contributions	3,174	3,174
	<hr/>	
Total Additions	3,179	3,179
	<hr/>	
DEDUCTIONS:		
Unemployment Claims	654	654
Disbursements	11,200	11,200
	<hr/>	
Total Deductions	11,854	11,854
	<hr/>	
Change in Net Position	(8,675)	(8,675)
Net Position - July 1	10,318	10,318
	<hr/>	
Net Position - June 30	\$ 1,643	\$ 1,643
	<hr/> <hr/>	

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

**SEASIDE HEIGHTS BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1: Summary of Significant Accounting Policies**

The financial statements of the Seaside Heights Board of Education (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

**Reporting Entity**

The Seaside Heights Board of Education is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include one elementary school located in Seaside Heights. The Seaside Heights Board of Education has an approximate enrollment at June 30, 2015 of 222 students.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

**Component Units**

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2015.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1: Summary of Significant Accounting Policies (continued):**

**Government-Wide Financial Statements**

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1: Summary of Significant Accounting Policies (continued):**

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1: Summary of Significant Accounting Policies (continued):**

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 current fiscal year-end. 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. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1: Summary of Significant Accounting Policies (continued):**

As required by the New Jersey 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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 from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**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).

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major proprietary funds:

**Food Service Fund** – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

**Agency Funds** - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1: Summary of Significant Accounting Policies (continued):**

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. 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(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1: Summary of Significant Accounting Policies (continued):**

Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**Encumbrances**

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 assigned 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 a reduction of the accounts receivables or as unearned revenue 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.

**Cash and Cash Equivalents**

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.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 loss of funds on deposit with a failed banking institution in New Jersey.

*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.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1: Summary of Significant Accounting Policies (continued):**

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Machinery & Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years
Infrastructure	30 Years

**Compensated Absences**

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

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1: Summary of Significant Accounting Policies (continued):**

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government 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, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Use of Estimates**

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

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent

**SEASIDE HEIGHTS BOARD OF EDUCATION  
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**Note 1: Summary of Significant Accounting Policies (continued):**

that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Impact of Recently Issued Accounting Principles**

**Recently Issued and Adopted Accounting Pronouncements**

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27* effective for fiscal years beginning after June 15, 2014. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of

**SEASIDE HEIGHTS BOARD OF EDUCATION  
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**Note 1: Summary of Significant Accounting Policies (continued):**

existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

**Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2015 through the date of November 30, 2015, which is the date the financial statements were available to be issued.

**Pensions Section**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1: Summary of Significant Accounting Policies (continued):**

position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2: Cash and Cash Equivalents**

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2015 and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits:</b>	
Demand Deposits	\$ 1,262,963
Total Deposits	<u>\$ 1,262,963</u>
 <b>The District's Cash &amp; Cash Equivalents are Reported as Follows:</b>	
Governmental Fund	\$ 1,131,062
Enterprise Funds	3,755
Fiduciary Funds	<u>128,146</u>
Total Cash & Cash Equivalents	<u>\$ 1,262,963</u>

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District's bank balance of \$1,263,996 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 139,822
Collateralized by securities held by Pledging financial institution	1,013,996
Uninsured and uncollateralized	<u>110,178</u>
Total	<u>\$ 1,263,996</u>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3: Accounts Receivable**

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Proprietary <u>Funds</u>	<u>Total</u>
Intergovernmental	\$ 13,625	\$ 53,638	\$ 8,349	\$ 75,612
Other	<u>52,212</u>	<u>-</u>	<u>-</u>	<u>52,212</u>
Total	<u>\$ 65,837</u>	<u>\$ 53,638</u>	<u>\$ 8,349</u>	<u>\$ 127,824</u>

**Note 4: Reserve Accounts**

**A. Capital Reserve Account**

The capital reserve account was established by the District for the accumulation for 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 transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated 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-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 517,044
Withdrawals for Capital Expenditures	<u>(165,999)</u>
Ending Balance, June 30, 2015	<u>\$ 351,045</u>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 4: Reserve Accounts (continued)**

**B. Maintenance Reserve Account**

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.18A:7G-9*) as amended by P.L. 2004, c. 73 (S1701). Districts may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (*N.J.A.C. 6A:23A-14.2*) or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 20 of the budget year. EFCFA requires that upon District completion of a school facilities project, the district must submit a plan for the maintenance of that facility. Auditors and District staff should refer to the regulations, *N.J.A.C.6A:26A*, for further guidance. A separate line is provided in the AUDSUM for this reserve account.

GASBS No. 54 requires the further categorization of the maintenance reserve account balance on the *Governmental Funds Balance Sheet* (Exhibit B-1) as restricted, committed, and/or assigned. The Department recommends reporting the maintenance reserve under “Restricted” fund balance due to the statutory and regulatory restrictions on withdrawals from maintenance reserve. The same categorization is applicable to the *General Fund Budgetary Comparison Schedule* (Exhibit C-1).

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 103,521
Withdrawals	<u>(46,830)</u>
Ending Balance, June 30, 2015	<u><u>\$ 56,691</u></u>

**C. Emergency Reserve Account**

The emergency reserve account is used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent. GASBS No. 54 requires the further categorization of the emergency reserve account balance on the *Governmental Funds Balance Sheet* (Exhibit B-1). The emergency reserve has significant externally imposed restrictions on its withdrawal and should be categorized as “Restricted” fund balance. The same categorization is applicable to the *General Fund Budgetary Comparison Schedule* (Exhibit C-1).

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 4: Reserve Accounts**

**C. Emergency Reserve Account (continued)**

The activity of the emergency reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	50,202
Transfer per June Resolution		-
Withdrawals		-
Ending Balance, June 30, 2015	\$	<u>50,202</u>

**Note 5: Interfund Receivables, Payables and Transfers**

The following interfund balances remained on the balance sheet at June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 62,735	\$ -
Special Revenue Fund	-	50,468
Food Service Fund	-	12,067
Fiduciary Funds	-	200
	<u>\$ 62,735</u>	<u>\$ 62,735</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**Note 6: Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	June 30, 2014	Increases	Adjustments/ Retirements	June 30, 2015
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 75,364	\$ -	\$ -	\$ 75,364
Total capital assets not being depreciated	<u>75,364</u>	<u>-</u>	<u>-</u>	<u>75,364</u>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 6: Capital Assets (continued)**

Capital Assets being depreciated:				
Buildings	3,802,292	-	853,205	4,655,497
Machinery & Equipment	290,745	239,097	251,264	781,106
Total capital assets being depreciated	<u>4,093,037</u>	<u>239,097</u>	<u>1,104,469</u>	<u>5,436,603</u>
Less: accumulated depreciation:				
Buildings	(1,475,610)	(118,165)	5,374	(1,588,401)
Machinery & Equipment	(60,104)	(78,175)	(198,890)	(337,169)
Total accumulated depreciation	<u>(1,535,714)</u>	<u>(196,340)</u>	<u>(193,516)</u>	<u>(1,925,570)</u>
Total capital assets being depreciated, net	<u>2,557,323</u>	<u>42,757</u>	<u>910,953</u>	<u>3,511,033</u>
Total Governmental Activities capital assets, net	<u>\$ 2,632,687</u>	<u>\$ 42,757</u>	<u>\$ 910,953</u>	<u>\$ 3,586,397</u>

Depreciation expense for the fiscal year ended June 30, 2015 amounted to \$196,340 for governmental funds. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve various functions.

**Note 7: Long-Term Obligations**

**A. Obligations Under Capital Leases**

Changes in Long-Term Obligations for the year ended June 30, 2015, are as follows:

	June 30, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 170,144	\$ 54,197	\$ -	\$ 224,341	\$ -
Capital Leases	409,599	-	(99,730)	309,869	101,464
FEMA Community Disaster Loan	777,550	266,255	-	1,043,805	-
Net Pension Liability	<u>1,320,297</u>	<u>-</u>	<u>(117,106)</u>	<u>1,203,191</u>	<u>-</u>
Total	<u>\$ 2,677,590</u>	<u>\$ 320,452</u>	<u>\$ (216,836)</u>	<u>\$ 2,781,206</u>	<u>\$ 101,464</u>

The District is obligated under certain leases accounted for as capital leases. Assets under capital leases total \$309,869. The following is a schedule of future minimum lease payments under capital leases as of June 30, 2015:

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NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7: Long-Term Obligations (continued)**

**A. Obligations Under Capital Leases (continued)**

		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2016	\$	101,464	\$	5,382	\$	106,846
2017		103,231		3,616		106,847
2018		105,032		1,816		106,848
2019		142		1		143
	\$	309,869	\$	10,815	\$	320,684

**B. FEMA Community Disaster Loan**

On May 20, 2013, the Seaside Heights Board of Education submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$1,043,805 in relation to Super Storm Sandy losses and expenditures. The District was approved for the full request of \$1,043,805. On April 28, 2014, the Board of Education approved the 2015 Budget utilizing \$266,255, the amount of the CDL that was drawn down in 2015. There is no remaining CDL balance to be drawn down.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case July, 17, 2013. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

This amount was recognized as revenue for the year ended June 30, 2015 in the governmental funds. This amount is reported as a long-term liability in the District Wide financial statements.

**C. Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown

**SEASIDE HEIGHTS BOARD OF EDUCATION  
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**Note 7: Long-Term Obligations (continued)**

**C. Compensated Absences (continued)**

separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$224,341.

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, 2015 no liability existed for compensated absences in the proprietary fund types.

**Note 8: Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating

**SEASIDE HEIGHTS BOARD OF EDUCATION  
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**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Three-Year Trend Information for PERS**

<u>Year</u>	<u>Pension</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Cost (APC)</u>	<u>of APC</u>	<u>Pension</u>
		<u>Contributed</u>	<u>Obligation</u>
6/30/2015	\$ 52,978	100%	\$ 1,203,191
6/30/2014	52,052	100%	1,320,297
6/30/2013	53,620	100%	-

**Components of Net Pension Liability** - At June 30, 2015, the District reported a liability of \$1,203,191 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .00643%, which was a decrease of .00048% from its proportion measured as of June 30, 2013.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

Collective Balances at June 30, 2015 and June 30, 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
	July 1, 2014	July 1, 2013
Actuarial valuation date		
Deferred Outflows of Resources	\$ 104,629	\$ 52,978
Deferred Inflows of Resources	\$ 149,496	N/A
Net Pension Liability	\$ 1,203,191	\$ 1,320,297
District's portion of the Plan's total net pension Liability	0.00643%	0.00691%

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2015, the District recognized pension expense of \$47,533. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	37,835	-
Net difference between projected and actual earnings on pension plan investments	-	71,704
Changes in proportion and differences between District contributions and proportionate share of contributions	-	77,792
District contributions subsequent to the measurement date	66,794	-
Total	\$ 104,629	\$ 149,496

\$66,794 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

Year Ended	
<u>June 30:</u>	<u>PERS</u>
2016	\$ (24,024)
2017	(24,024)
2018	(24,024)
2019	(24,024)
2020	(24,024)
Thereafter	8,460

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement date	<u>PERS</u> June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

	<u>1%</u> <u>Decrease</u> <u>4.39%</u>	<u>Current</u> <u>Discount</u> <u>Rate (5.39%)</u>	<u>1%</u> <u>Increase</u> <u>6.39%</u>
District's proportionate share of the net pension liability	\$ 1,513,655	\$ 1,203,191	\$ 942,480

**B. Teachers' Pension and Annuity Fund (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued)**

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation** - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Three-Year Trend Information for TPAF (Paid on behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$ 199,225	100%	\$ -
6/30/2014	159,473	100%	-
6/30/2013	192,389	100%	-

**Teachers Pensions and Annuity Fund (TPAF)** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued)**

	<u>TPAF</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
Total	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**C. Defined Contribution Retirement Program (DCRP)**

The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution.

**Note 9: Post-Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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 of post-retirement medical benefits through the 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, 2015, there were 100,134 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 prefunding 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 \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2014.

**Note 10: 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, student accident 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 their 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 School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two years:

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 10: Risk Management (continued)**

Fiscal Year	District Contribution	Interest Earned	Amount Reimbursed	Ending Balance
2014-2015	\$ 3,174	\$ 5	\$ 11,854	\$ 1,643
2013-2014	4,719	3	487	10,318
2012-2013	3,750	3	-	6,083

**Note 11: Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2013 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Note 12: Economic Dependency**

The District receives a substantial amount of its support from Federal and State governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

**Note 13: Deficit Unrestricted Net Position**

As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of \$(2,233,152) existed as of June 30, 2015 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

**Note 14: Fund Balance**

**General Fund** – Of the \$817,553 General Fund fund balance at June 30, 2015, \$351,045 has been restricted for the capital reserve account; \$56,691 has been restricted for the maintenance reserve account; \$50,202 been restricted for the emergency reserve account; \$300,000 has been assigned for designated for subsequent year's expenditures; \$991 has been committed and \$58,624 is unassigned.

**Special Revenue Fund** – All of the \$(9,769) Special Revenue Fund fund balance at June 30, 2015, is unassigned.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 15: Deferred Compensation**

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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:

Equitable	Lincoln Financial
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**Note 16: Agreement with Central Regional School District**

On April 23, 2012, the District approved a working agreement with Central Regional School District. The working agreement , effective July 1, 2012 is for the Central Regional School District to run the everyday activities of the Seaside Heights School District. Under the agreement, the Seaside Heights School District will still remain autonomous with respect to making its own major financial decisions. Seaside Heights School District expects that this agreement will ultimately save money while improving the quality of education that the students receive. The agreement has received approval by the New Jersey, Department of Education.

**Note 17: Calculation of Excess Surplus**

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), and 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 as budgeted fund balance in their subsequent years’ budget. The District had excess fund balance of \$0 at June 30, 2015.

**Note 18: Prior Period Adjustment/Restatement of Net Position**

**Correction of an Error** -\_In the fiscal year ended June 30, 2015, the District determined that expenses related to the purchase of capital assets should have been capitalized rather than expensed. According to generally accepted accounting principles, expenses related to the purchase of capital assets are capitalized when incurred. This caused the District’s change in net position to be understated by \$825,147 as of June 30, 2014, resulting in an understatement of capital assets, and net investment in capital assets for the same amount. The District has corrected this by restating the balances for the fiscal year ended June 30, 2014 as follows:

	<u>Original Balance</u>	<u>Net Adjustment</u>	<u>Restated Balance</u>
Capital assets, net	\$ 2,632,687	\$ 825,147	\$ 3,457,834
Net loss	(1,285,713)	825,147	(460,566)
Net investment in capital assets	2,212,190	825,147	3,037,337
Total net position	2,180,083	825,147	3,005,230

**Change in Accounting Principle** - Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 18: Prior Period Adjustment/Restatement of Net Position (continued)**

	<u>Governmental Activities</u>
Net Position as adjusted for Correction of Error, reported at June 30, 2014	\$ 3,005,230
Prior period adjustment -	
Implementation of GASB 68:	
Net Pension Liability (measurement date as of June 30, 2013)	(1,320,297)
PERS Pension Payable (2015 district PERS Pension Contribution)	(52,978)
Deferred Outflows - district contributions made during fiscal year 2015	52,978
Total prior period adjustment	(1,320,297)
Net Position as restated, July 1, 2014	\$ 1,684,933

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 2,430,356	\$ -	\$ 2,430,356	\$ 2,430,356	\$ -
Tuition	10-1300	5,000	-	5,000	7,883	2,883
Interest on Capital Reserve	10-1XXX	100	-	100	100	-
Interest on Maintenance Reserve	10-1XXX	25	-	25	25	-
Interest on Emergency Reserve	10-1XXX	25	-	25	25	-
Unrestricted Miscellaneous	10-1XXX	2,000	-	2,000	9,944	7,944
<b>Total Local Sources</b>		<b>2,437,506</b>	<b>-</b>	<b>2,437,506</b>	<b>2,448,333</b>	<b>10,827</b>
<b>State Sources:</b>						
School Choice Aid	10-3116	209,895	-	209,895	209,895	-
Categorical Transportation Aid	10-3121	11,471	-	11,471	11,471	-
Categorical Special Education Aid	10-3132	109,922	-	109,922	109,922	-
Equalization Aid	10-3176	202,129	-	202,129	202,129	-
Categorical Security Aid	10-3177	78,161	-	78,161	78,161	-
Adjustment Aid	10-3178	410,159	-	410,159	410,159	-
Extraordinary Aid	10-3131	-	-	-	13,625	13,625
Other State Aid	10-3190	3,900	-	3,900	3,900	-
Reimbursed TPAF Social Security Contributions		-	-	-	120,590	120,590
On-Behalf TPAF Pension Contributions		-	-	-	71,827	71,827
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	122,230	122,230
On-Behalf TPAF Pension Contributions -NCGI		-	-	-	5,168	5,168
<b>Total State Sources</b>		<b>1,025,637</b>	<b>-</b>	<b>1,025,637</b>	<b>1,359,077</b>	<b>333,440</b>
<b>Total Revenues</b>		<b>3,463,143</b>	<b>-</b>	<b>3,463,143</b>	<b>3,807,410</b>	<b>344,267</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Kindergarten	11-110-100-101	142,530	(4,096)	138,434	138,434	-
Grades 1 - 5	11-120-100-101	648,960	88,023	736,983	736,982	1
Grades 6 - 8	11-130-100-101	75,618	(5,362)	70,256	70,256	-
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	11-150-100-101	10,000	(10,000)	-	-	-
Purchased Professional Services	11-150-100-320	-	500	500	429	71
<b>Regular Programs - Undistributed:</b>						
Purchased Professional-Educational Services	11-190-100-320	-	1,100	1,100	1,084	16
Other Purchased Services	11-190-100-500	5,000	(1,400)	3,600	3,461	139
General Supplies	11-190-100-610	50,000	(12,244)	37,756	37,716	40
Textbooks	11-190-100-640	5,000	21,699	26,699	26,698	1
<b>Total Regular Programs</b>		<b>937,108</b>	<b>78,220</b>	<b>1,015,328</b>	<b>1,015,060</b>	<b>268</b>
<b>Learning and/or Language Disabilities:</b>						
Salaries of Teachers	11-204-100-101	182,410	(5,235)	177,175	177,175	-
Other Salaries for Instruction	11-204-100-106	55,436	(5,892)	49,544	49,544	-
General Supplies	11-204-100-610	2,000	(1,500)	500	418	82
<b>Total Learning and/or Language Disabilities:</b>		<b>239,846</b>	<b>(12,627)</b>	<b>227,219</b>	<b>227,137</b>	<b>82</b>
<b>Resource Room:</b>						
Salaries of Teachers	11-213-100-101	119,910	(14,996)	104,914	104,913	1
General Supplies	11-213-100-610	1,000	(1,000)	-	-	-
<b>Total Resource Room</b>		<b>120,910</b>	<b>(15,996)</b>	<b>104,914</b>	<b>104,913</b>	<b>1</b>
<b>Total Special Education</b>		<b>360,756</b>	<b>(28,623)</b>	<b>332,133</b>	<b>332,050</b>	<b>83</b>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Bilingual Education:						
Salaries of Teachers	11-240-100-101	104,945	(49,679)	55,266	55,265	1
General Supplies	11-240-100-610	500	200	700	662	38
<b>Total Bilingual Education</b>		<b>105,445</b>	<b>(49,479)</b>	<b>55,966</b>	<b>55,927</b>	<b>39</b>
Summer School - Instruction:						
Salaries	11-422-100-101	40,000	5,588	45,588	45,587	1
Purchased Services	11-422-100-300	30,000	-	30,000	30,000	-
Other Objects	11-422-100-800	10,000	(10,000)	-	-	-
<b>Total Summer School - Instruction:</b>		<b>80,000</b>	<b>(4,412)</b>	<b>75,588</b>	<b>75,587</b>	<b>1</b>
<b>Total Instruction</b>		<b>1,483,309</b>	<b>(4,294)</b>	<b>1,479,015</b>	<b>1,478,624</b>	<b>391</b>
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEA's - State Regular	11-000-100-561	-	7,100	7,100	7,083	17
Tuition to Other LEA's - State Special	11-000-100-562	100,000	19,900	119,900	116,617	3,283
Tuition to Private Schools - Disabled Within State	11-000-100-566	100,000	(63,600)	36,400	36,216	184
<b>Total Undistributed Expenditures - Instruction</b>		<b>200,000</b>	<b>(36,600)</b>	<b>163,400</b>	<b>159,916</b>	<b>3,484</b>
Attendance & Social Work Services:						
Salaries	11-000-211-100	68,112	(10,000)	58,112	58,030	82
<b>Total Attendance &amp; Social Work Services</b>		<b>68,112</b>	<b>(10,000)</b>	<b>58,112</b>	<b>58,030</b>	<b>82</b>
Health Services:						
Salaries	11-000-213-100	72,015	3,400	75,415	75,375	40
Supplies and Materials	11-000-213-600	2,500	(1,381)	1,119	1,119	-
<b>Total Health Services</b>		<b>74,515</b>	<b>2,019</b>	<b>76,534</b>	<b>76,494</b>	<b>40</b>
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	56,565	2,326	58,891	58,891	-
Purchased Professional - Educational Services	11-000-216-320	45,000	200	45,200	45,188	12
Supplies and Materials	11-000-216-600	1,000	500	1,500	1,500	-
<b>Total Other Support Services - Students - Related Services</b>		<b>102,565</b>	<b>3,026</b>	<b>105,591</b>	<b>105,579</b>	<b>12</b>
Other Support Services - Students - Extraordinary Services:						
Salaries	11-000-217-100	77,004	14,910	91,914	91,914	-
<b>Total Other Support Services - Students - Extraordinary Services</b>		<b>77,004</b>	<b>14,910</b>	<b>91,914</b>	<b>91,914</b>	<b>-</b>
Other Support Services - Guidance:						
Purchased Professional Services	11-000-218-320	50,000	4,000	54,000	54,000	-
<b>Total Other Support Services - Guidance</b>		<b>50,000</b>	<b>4,000</b>	<b>54,000</b>	<b>54,000</b>	<b>-</b>
Other Support Services - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	66,961	20,000	86,961	86,935	26
Salaries of Secretarial & Clerical Assistants	11-000-219-105	39,816	(222)	39,594	39,594	-
Purchased Professional & Educational Services	11-000-219-320	30,000	(533)	29,467	29,467	-
Supplies & Materials	11-000-219-600	3,000	(1,928)	1,072	1,020	52
<b>Total Other Support Services - Child Study Teams</b>		<b>139,777</b>	<b>17,317</b>	<b>157,094</b>	<b>157,016</b>	<b>78</b>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Professional Services	11-000-221-320	20,000	11,675	31,675	31,675	-
Total Improvement of Instruction Services/Other Support Services Instructional Staff		20,000	11,675	31,675	31,675	-
Educational Media Services/School Library:						
Salaries	11-000-222-100	29,918	1,200	31,118	31,118	-
Purchased Prof & Tech Services	11-000-222-300	4,000	(2,100)	1,900	1,835	65
Other Purchased Services	11-000-222-500	5,000	100	5,100	4,141	959
Total Educational Media Services/School Library		38,918	(800)	38,118	37,094	1,024
Support Services Instructional Staff Training Service:						
Purchased Prof - Ed Services	11-000-223-320	1,000	(600)	400	388	12
Total Support Services Instructional Staff Training Services		1,000	(600)	400	388	12
Support Services General Administration:						
Salaries	11-000-230-100	17,000	(6,400)	10,600	10,600	-
Legal Services	11-000-230-331	1,000	7,178	8,178	8,148	30
Audit Services	11-000-230-332	15,000	(2,700)	12,300	12,265	35
Other Purchased Professional Services	11-000-230-339	15,000	(6,000)	9,000	8,903	97
Other Purchased Services	11-000-230-440	-	7,104	7,104	7,033	71
Communications/Telephone	11-000-230-530	15,000	7,367	22,367	22,367	-
Other Purchased Services	11-000-230-590	11,200	(6,000)	5,200	5,114	86
General Supplies	11-000-230-610	10,000	(7,904)	2,096	2,095	1
Judgements Against District	11-000-230-820	14,000	(14,000)	-	-	-
Miscellaneous Expenditures	11-000-230-890	13,000	153	13,153	13,152	1
Total Support Services General Administration		111,200	(21,202)	89,998	89,677	321
Support Services School Administration:						
Salaries of Principals/Assistant Principals	11-000-240-103	75,313	8,125	83,438	83,438	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	16,400	(10,000)	6,400	6,310	90
Purchased Professional & Educational Services	11-000-240-300	2,000	(2,000)	-	-	-
Supplies & Materials	11-000-240-600	3,000	(1,725)	1,275	1,275	-
Total Support Services School Administration		96,713	(5,600)	91,113	91,023	90
Central Services:						
Salaries	11-000-251-100	20,962	(10,037)	10,925	10,925	-
Miscellaneous Purchased Services	11-000-251-592	25,000	-	25,000	25,000	-
Supplies & Materials	11-000-251-600	3,000	(753)	2,247	2,188	59
Total Central Services		48,962	(10,790)	38,172	38,113	59
Administrative Information Technology:						
Salaries	11-000-252-100	15,000	7,000	22,000	22,000	-
Purchased Technical Services	11-000-252-340	17,000	7,050	24,050	24,031	19
Supplies & Materials	11-000-252-600	7,500	2,540	10,040	9,964	76
Total Administrative Information Technology		39,500	16,590	56,090	55,995	95

**SEASIDE HEIGHTS BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Required Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	23,319	15,736	39,055	39,053	2
Cleaning, Repair & Maintenance Services	11-000-261-420	15,000	22,512	37,512	37,512	-
General Supplies	11-000-261-610	6,000	1,554	7,554	7,553	1
<b>Total Required Maintenance for School Facilities</b>		<b>44,319</b>	<b>39,802</b>	<b>84,121</b>	<b>84,118</b>	<b>3</b>
<b>Custodial Services:</b>						
Salaries	11-000-262-100	66,046	8,839	74,885	74,884	1
Salaries of Non-Instructional Aids	11-000-262-107	12,000	(8,800)	3,200	3,146	54
Cleaning, Repair & Maintenance Services	11-000-262-420	12,000	(3,600)	8,400	8,398	2
Insurance	11-000-262-520	36,000	(5,982)	30,018	30,018	-
General Supplies	11-000-262-610	15,000	(14,800)	200	43	157
Energy (Heat & Electricity)	11-000-262-622	50,000	13,639	63,639	63,639	-
<b>Total Custodial Services</b>		<b>191,046</b>	<b>(10,704)</b>	<b>180,342</b>	<b>180,128</b>	<b>214</b>
<b>Care &amp; Upkeep of Grounds</b>						
Purchased Professional and Tech. Services	11-000-263-300	10,000	(9,556)	444	321	123
Cleaning, Repair & Maintenance Services	11-000-263-420	-	5,000	5,000	4,773	227
<b>Total Care &amp; Upkeep of Grounds</b>		<b>10,000</b>	<b>(4,556)</b>	<b>5,444</b>	<b>5,094</b>	<b>350</b>
<b>Security</b>						
Purchased Professional & Technical Services	11-000-266-300	25,000	(6,288)	18,712	18,450	262
<b>Total Security</b>		<b>25,000</b>	<b>(6,288)</b>	<b>18,712</b>	<b>18,450</b>	<b>262</b>
<b>Student Transportation Services:</b>						
Salaries	11-000-270-161	20,962	888	21,850	21,850	-
Purchased Services	11-000-270-390	1,500	(870)	630	627	3
Aid in Lieu - Non Public	11-000-270-503	-	884	884	884	-
Contracted Services (Between Home & School) - Vendors	11-000-270-511	20,000	37,460	57,460	57,459	1
Contracted Services (Special Education) Joint agreements	11-000-270-515	35,000	(11,799)	23,201	23,201	-
<b>Total Student Transportation Services</b>		<b>77,462</b>	<b>26,563</b>	<b>104,025</b>	<b>104,021</b>	<b>4</b>
<b>Unallocated Benefits - Employee Benefits:</b>						
Social Security Contributions	11-000-291-220	70,000	21,812	91,812	91,381	431
Other Retirement Contributions - Regular	11-000-291-241	65,000	(7,700)	57,300	57,257	43
Other Retirement Contributions	11-000-291-242	6,000	(810)	5,190	5,152	38
Unemployment Benefits	11-000-291-250	5,000	5,000	10,000	10,000	-
Workman's Compensation	11-000-291-260	27,000	3,800	30,800	30,739	61
Health Benefits	11-000-291-270	707,953	(89,399)	618,554	618,519	35
Tuition Reimbursement	11-000-291-280	5,000	(1,250)	3,750	3,750	-
Other Employee Benefits	11-000-291-290	24,000	3,000	27,000	26,924	76
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>909,953</b>	<b>(65,547)</b>	<b>844,406</b>	<b>843,722</b>	<b>684</b>
<b>Nonbudgeted:</b>						
Reimbursed TPAF Social Security Contributions		-	-	-	120,590	(120,590)
On-Behalf TPAF Pension Contributions		-	-	-	71,827	(71,827)
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	122,230	(122,230)
On-Behalf TPAF Pension Contributions -NCGI		-	-	-	5,168	(5,168)
<b>Total Nonbudgeted</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>319,815</b>	<b>(319,815)</b>
<b>Total Undistributed Expenditures</b>		<b>2,326,046</b>	<b>(36,785)</b>	<b>2,289,261</b>	<b>2,602,262</b>	<b>(313,001)</b>
<b>Total Expenditures - Current Expense</b>		<b>3,809,355</b>	<b>(41,079)</b>	<b>3,768,276</b>	<b>4,080,886</b>	<b>(312,610)</b>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Capital Outlay:</b>						
Interest Earned on Maintenance Reserve	10-606	25	(25)	-	-	-
Interest Transfer to Emergency Reserve	10-607	25	(25)	-	-	-
Interest Deposit to Capital Reserve	10-604	100	(100)	-	-	-
<b>Equipment:</b>						
Grades 1 - 5	12-120-100-730	-	51,503	51,503	51,502	1
General Administration	12-000-230-730	-	13,200	13,200	13,169	31
Information Technology	12-000-252-730	-	78,301	78,301	78,243	58
Custodial	12-120-100-730	18,069	(8,491)	9,578	9,578	-
<b>Total Equipment</b>		<b>18,219</b>	<b>134,363</b>	<b>152,582</b>	<b>152,492</b>	<b>90</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Assessment for Debt Service on SDA funding	12-000-400-896	1,824	-	1,824	1,824	-
Construction Services	12-000-400-450	60,000	-	60,000	-	60,000
Lease Purchase	12-000-400-721	105,999	-	105,999	105,999	-
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>167,823</b>	<b>-</b>	<b>167,823</b>	<b>107,823</b>	<b>60,000</b>
<b>Total Capital Outlay</b>		<b>186,042</b>	<b>134,363</b>	<b>320,405</b>	<b>260,315</b>	<b>60,090</b>
<b>Total Expenditures</b>		<b>3,995,397</b>	<b>93,284</b>	<b>4,088,681</b>	<b>4,341,201</b>	<b>(252,520)</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>		<b>(532,254)</b>	<b>(93,284)</b>	<b>(625,538)</b>	<b>(533,791)</b>	<b>91,747</b>
<b>Other Financing Sources/(Uses):</b>						
Community Disaster Loan (FEMA)		266,255	-	266,255	266,255	-
Insurance Recovery Related to Impaired Capital Asset-Super Storm Sandy		-	40,000	40,000	502,437	462,437
FEMA reimbursements		-	-	-	32,837	32,837
Prior Year Overfunding of FEMA Aid		-	-	-	(356,521)	(356,521)
Transfer to Food Service Fund		-	(20,900)	(20,900)	(20,900)	-
<b>Total Other Financing Sources/(Uses)</b>		<b>266,255</b>	<b>19,100</b>	<b>285,355</b>	<b>424,108</b>	<b>138,753</b>
<b>Excess/(Deficiency) of Revenues &amp; Other Financing Sources Over/(Under) Expenditures &amp; Other Financing Sources/(Uses)</b>		<b>(265,999)</b>	<b>(74,184)</b>	<b>(340,183)</b>	<b>(109,683)</b>	<b>230,500</b>
<b>Fund Balances, July 1</b>		<b>1,029,634</b>	<b>-</b>	<b>1,029,634</b>	<b>1,029,634</b>	<b>-</b>
<b>Fund Balances, June 30</b>		<b>\$ 763,635</b>	<b>\$ (74,184)</b>	<b>\$ 689,451</b>	<b>\$ 919,951</b>	<b>\$ 230,500</b>

**RECAPITULATION OF TRANSFERS:**

Rollover Encumbrances from Prior Year	27,504
Withdrawal from Maintenance Reserve	46,680
<b>Total Transfers</b>	<b>\$ 74,184</b>

**RECAPITULATION OF FUND BALANCE:**

<b>Restricted Fund Balance:</b>	
Capital Reserve Account	\$ 245,046
Capital Reserve Account - Designated for Subsequent Years Expenditures	105,999
Maintenance Reserve Account	56,691
Emergency Reserve	50,202
<b>Committed Fund Balance:</b>	
Year-end Encumbrances	991
<b>Assigned Fund Balance:</b>	
Designated for Subsequent Years Expenditures	300,000
Unassigned Fund Balance	161,022
<b>Subtotal</b>	<b>919,951</b>
<b>Reconciliation to Governmental Fund Statements (GAAP):</b>	
Last State Aid Payment Not Recognized on GAAP Basis	(102,398)
<b>Fund Balance Per Governmental Funds (GAAP)</b>	<b>\$ 817,553</b>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>					
Federal Sources	\$ 285,983	\$ 52,379	\$ 338,362	\$ 297,224	\$ (41,138)
State Sources	97,848	-	97,848	97,848	-
Other Sources	-	39,538	39,538	39,539	(1)
<b>Total Revenues</b>	<b>383,831</b>	<b>91,917</b>	<b>475,748</b>	<b>434,611</b>	<b>(41,139)</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of Teachers	168,705	13,543	182,248	182,248	-
Other Salaries for Instruction	27,918	(3,650)	24,268	24,268	-
Purchased Professional Technical Services	40,000	(23,301)	16,699	-	16,699
Tuition	59,434	20,471	79,905	79,905	-
General Supplies	3,577	88,301	91,878	74,294	-
<b>Total Instruction</b>	<b>299,634</b>	<b>95,364</b>	<b>394,998</b>	<b>360,715</b>	<b>16,699</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff	10,000	(8,125)	1,875	1,875	-
Personal Services - Employee Benefits	-	25,285	25,285	22,043	3,242
Purchased Professional - Tech Services	-	14,052	14,052	10,439	3,613
Personal Services - Ed	74,197	(74,197)	-	-	-
<b>Total Support Services</b>	<b>84,197</b>	<b>(42,985)</b>	<b>41,212</b>	<b>34,357</b>	<b>6,855</b>
<b>Facilities Acquisition &amp; Construction:</b>					
Instructional Equipment	-	20,870	20,870	20,870	-
Non-Instructional Equipment	-	18,668	18,668	18,669	(1)
<b>Total Facilities Acquisition &amp; Construction</b>	<b>-</b>	<b>39,538</b>	<b>39,538</b>	<b>39,539</b>	<b>(1)</b>
<b>Total Expenditures</b>	<b>383,831</b>	<b>91,917</b>	<b>475,748</b>	<b>434,611</b>	<b>23,553</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures &amp; Other Financing Sources/(Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 3,807,410	\$ 434,611
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	47,066
Current Year	-	(735)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	100,614	13,433
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(102,398)	(9,769)
	<u>\$ 3,805,626</u>	<u>\$ 484,606</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,341,201	\$ 434,611
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	47,066
Current Year	-	(735)
	<u>\$ 4,341,201</u>	<u>\$ 480,942</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**SEASIDE HEIGHTS BOARD OF EDUCATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.00643%	0.00691%	N/A							
District's proportionate share of the net pension liability (asset)	\$1,203,191	\$1,320,297	N/A							
District's covered-employee payroll	\$ 457,446	\$ 519,008	**N/A							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	263.02%	254.39%	N/A							
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%	N/A							

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 66,794	\$ 52,978	**N/A							
Contributions in relation to the contractually required contribution	66,794	52,978	**N/A							
Contribution deficiency (excess)	\$ -	\$ -	**N/A							
District's covered-employee payroll	\$ 457,446	\$ 519,008	**N/A							
Contributions as a percentage of covered-employee payroll	14.60%	10.21%	**N/A							

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SEASIDE HEIGHTS BOARD OF EDUCATION**  
**STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT'S**  
**TEACHERS' PENSION AND ANNUITY FUND**  
**LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.01428%	0.01397%	N/A							
State's proportionate share of the net pension liability (asset) associated with the District	\$ 7,632,847	\$ 7,062,221	N/A							
District's covered-employee payroll	\$ 1,627,986	\$ 1,423,982	**N/A							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%	**N/A							

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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#### E. Special Revenue Fund

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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**SEASIDE HEIGHTS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS**

	NO CHILD LEFT BEHIND		PRESCHOOL EDUCATION AID	I.D.E.A.	
	TITLE I	TITLE II PART A		PART B FY 2015	PRESCHOOL FY 2015
<b>Revenues:</b>					
Federal Sources	\$ 186,136	\$ 29,105	\$ -	\$ 79,905	\$ 2,078
State Sources	-	-	97,848	-	-
Local Sources	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 186,136</b>	<b>\$ 29,105</b>	<b>\$ 97,848</b>	<b>\$ 79,905</b>	<b>\$ 2,078</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of Teachers	\$ 95,193	\$ 15,350	\$ 71,705	\$ -	\$ -
Other Salaries for Instruction	-	-	24,268	-	-
Tuition	-	-	-	79,905	-
General Supplies	72,216	-	-	-	2,078
<b>Total Instruction</b>	<b>167,409</b>	<b>15,350</b>	<b>95,973</b>	<b>79,905</b>	<b>2,078</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff	-	-	1,875	-	-
Personal Services - Employee Benefits	18,727	3,316	-	-	-
Purchased Professional - Tech Services	-	10,439	-	-	-
<b>Total Support Services</b>	<b>18,727</b>	<b>13,755</b>	<b>1,875</b>	<b>-</b>	<b>-</b>
<b>Facilities Acquisition &amp; Construction:</b>					
Instructional Equipment	-	-	-	-	-
Non-Instructional Equipment	-	-	-	-	-
<b>Total Facilities Acquisition &amp; Construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 186,136</b>	<b>\$ 29,105</b>	<b>\$ 97,848</b>	<b>\$ 79,905</b>	<b>\$ 2,078</b>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS**

	INSURANCE GRANT	SANDY DONATIONS	LOCAL GRANT	TOTAL
<b>Revenues:</b>				
Federal Sources	\$ -	\$ -	\$ -	\$ 297,224
State Sources	-	-	-	97,848
Local Sources	1,966	16,703	20,870	39,539
	<hr/>			
Total Revenues	\$ 1,966	\$ 16,703	\$ 20,870	\$ 434,611
<hr/>				
<b>Expenditures:</b>				
<b>Instruction:</b>				
Salaries of Teachers	\$ -	\$ -	\$ -	\$ 182,248
Other Salaries for Instruction	-	-	-	24,268
Tuition	-	-	-	79,905
General Supplies	-	-	-	74,294
	<hr/>			
Total Instruction	-	-	-	360,715
<hr/>				
<b>Support Services:</b>				
Salaries of Other Professional Staff	-	-	-	1,875
Personal Services - Employee Benefits	-	-	-	22,043
Purchased Professional - Tech Services	-	-	-	10,439
	<hr/>			
Total Support Services	-	-	-	34,357
<hr/>				
<b>Facilities Acquisition &amp; Construction:</b>				
Instructional Equipment	-	-	20,870	20,870
Non-Instructional Equipment	1,966	16,703	-	18,669
	<hr/>			
Total Facilities Acquisition & Construction	1,966	16,703	20,870	39,539
	<hr/>			
Total Expenditures	\$ 1,966	\$ 16,703	\$ 20,870	\$ 434,611
	<hr/>			

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 67,465	\$ 71,705	\$ (4,240)
Other Salaries of Instruction	27,918	24,268	3,650
Total Instruction	<u>95,383</u>	<u>95,973</u>	<u>(590)</u>
Support Services:			
Salaries of Other Professional Staff	2,465	1,875	590
Total Support Services	<u>2,465</u>	<u>1,875</u>	<u>590</u>
Total Expenditures	<u>\$ 97,848</u>	<u>\$ 97,848</u>	<u>\$ -</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2014-2015 Preschool Education Aid Allocation	\$ 97,848
Add: Actual Preschool Education Aid Carryover (June 30, 2014)	-
Add: Additional Preschool Education Aid	<u>-</u>
Total Preschool Education Aid Funds Available for 2014-2015 Budget	97,848
Less: 2014-2015 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(97,848)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2014	-
Add: June 30, 2015 Unexpended Preschool Education Aid Funds	<u>-</u>
2014-2015 Carryover - Preschool Education Aid Funds	<u>-</u>
2014-2015 Preschool Education Aid Funds Carryover Budgeted in 2015-2016	<u>\$ -</u>

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F. Capital Projects Fund

Not Applicable

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## G. Proprietary Funds

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private enterprise - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

### FOOD SERVICE FUND

This Fund provides operation of food services within the School District.

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Enterprise Funds

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015**

ASSETS	FOOD SERVICE FUND	TOTAL
Current Assets:		
Cash & Cash Equivalents	\$ 3,755	\$ 3,755
Receivable:		
Federal	8,233	8,233
State	116	116
	12,104	12,104
Total Current Assets		
	12,104	12,104
Total Assets		
	12,104	12,104
LIABILITIES		
Current Liabilities:		
Interfund Payable	12,067	12,067
	12,067	12,067
Total Current Liabilities		
	12,067	12,067
NET POSITION		
Unrestricted	37	37
	37	37
Total Net Position	\$ 37	\$ 37
	\$ 37	\$ 37

**SEASIDE HEIGHTS BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2015**

	FOOD SERVICE FUND	TOTAL
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 2,338	\$ 2,338
Total Operating Revenue	<u>2,338</u>	<u>2,338</u>
Operating Expenses:		
Salaries	17,499	17,499
Supplies and Materials	17,781	17,781
Cost of Sales	<u>110,684</u>	<u>110,684</u>
Total Operating Expenses	<u>145,964</u>	<u>145,964</u>
Operating/(Loss)/Gain	<u>(143,626)</u>	<u>(143,626)</u>
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Lunch Program	1,549	1,549
Federal Sources:		
School Breakfast Program	26,321	26,321
National School Lunch Program	81,861	81,861
National School Performance Based Program	1,709	1,709
Food Distribution Program	11,059	11,059
Miscellaneous	<u>13</u>	<u>13</u>
Total Nonoperating Revenues/(Expenses)	<u>122,512</u>	<u>122,512</u>
Other Financing Sources Over/(Under)		
Transfers In	<u>20,900</u>	<u>20,900</u>
Total Other Financing Sources Over/(Under)	<u>20,900</u>	<u>20,900</u>
Net (Loss)/Income	(214)	(214)
Total Net Position - Beginning	<u>251</u>	<u>251</u>
Total Net Position - Ending	<u>\$ 37</u>	<u>\$ 37</u>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
AS OF JUNE 30, 2015**

	FOOD SERVICE FUND	TOTAL
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 2,338	\$ 2,338
Payments to Employees	(17,499)	(17,499)
Payments to Suppliers	(128,843)	(128,843)
	<hr/>	<hr/>
Net Cash (Used) by Operating Activities	(144,004)	(144,004)
Cash Flows From Noncapital Financing Activities:		
State Sources	1,611	1,611
Federal Sources	108,832	108,832
Transfers from Other Funds	20,900	20,900
	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	131,343	131,343
Cash Flows From Investing Activities:		
Interest	13	13
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	13	13
Net Decrease in Cash & Cash Equivalents Cash and Cash Equivalents, July 1	(12,648) <hr/> 16,403	(12,648) <hr/> 16,403
Cash & Cash Equivalents, June 30	<hr/> \$ 3,755	<hr/> \$ 3,755
 <b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:</b>		
Operating (Loss)	\$ (143,626)	\$ (143,626)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:		
Food Distribution Program	11,059	11,059
Change in Assets & Liabilities:		
Increase/(Decrease) in Interfund Receivable/(Payable)	13,318	13,318
Increase/(Decrease) in Accounts Payable	(24,755)	(24,755)
	<hr/>	<hr/>
Total Adjustments	(378)	(378)
Net Cash (Used) by Operating Activities	<hr/> \$ (144,004)	<hr/> \$ (144,004)

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

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

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.

Private Purpose Trust Funds:

Unemployment Fund: This Fund is used to account for assets to finance the cost of unemployment benefits.

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL		
Cash & Cash Equivalents	\$ 1,643	\$ -	\$ 126,503		\$ 128,146
Total Assets	<u>1,643</u>	<u>-</u>	<u>126,503</u>		<u>128,146</u>
<b>LIABILITIES</b>					
Payroll Deductions & Withholdings	-	-	126,303		126,303
Interfunds Payable	-	-	200		200
Total Liabilities	<u>-</u>	<u>-</u>	<u>126,503</u>		<u>126,503</u>
<b>NET POSITION</b>					
Reserved:					
Unemployment Benefits	<u>1,643</u>	<u>-</u>	<u>-</u>		<u>1,643</u>
Total Net Position	<u>\$ 1,643</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 1,643</u>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	PRIVATE PURPOSE <u>UNEMPLOYMENT COMPENSATION</u> TRUST	TOTAL
ADDITIONS:		
Interest Earned	\$ 5	\$ 5
Contributions	3,174	3,174
	<hr/>	<hr/>
Total Additions	3,179	3,179
DEDUCTIONS:		
Disbursements	11,200	11,200
Unemployment Claims	654	654
	<hr/>	<hr/>
Total Deductions	11,854	11,854
Change in Net Position	(8,675)	(8,675)
Net Position - Beginning of Year	10,318	10,318
	<hr/>	<hr/>
Net Position - End of Year	\$ 1,643	\$ 1,643
	<hr/> <hr/>	<hr/> <hr/>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	BALANCE JULY 1, 2014	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2015
School Activity Fund	\$ 803	\$ -	\$ 803	\$ -
Total	<u>\$ 803</u>	<u>\$ -</u>	<u>\$ 803</u>	<u>\$ -</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents	\$ 90,387	\$ 2,775,042	\$ 2,738,926	\$ 126,503
Total Assets	<u>\$ 90,387</u>	<u>\$ 2,775,042</u>	<u>\$ 2,738,926</u>	<u>\$ 126,503</u>
<b>LIABILITIES</b>				
Net Payroll Deductions & Withholdings	\$ 86,605	\$ 2,775,042	\$ 2,735,344	\$ 126,303
Interfunds	3,782	-	3,582	200
Total Liabilities	<u>\$ 90,387</u>	<u>\$ 2,775,042</u>	<u>\$ 2,738,926</u>	<u>\$ 126,503</u>

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## I. Long-Term Debt

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital leases.

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2015**

SERIES	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2014	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2015
Roof Project Copiers-FY14	1.70% Variable	\$ 504,000 3,183	\$ 406,569 3,030	\$ - -	\$ 99,087 643	\$ 307,482 2,387
Total			\$ 409,599	\$ -	\$ 99,730	\$ 309,869

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**STATISTICAL SECTION (Unaudited)**

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FINANCIAL TRENDS/INFORMATION SCHEDULES

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**SEASIDE HEIGHTS BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
*Unaudited*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 3,276,528	\$ 2,212,190	1,946,016	1,302,540	1,241,018	1,182,411	1,122,918	1,081,872	886,943	928,851
Restricted for:										
Debt Service	-	-	(9,489)	(4,815)	(6,505)	(8,523)	(10,477)	(11,244)	(11,316)	28,721
Other Purposes	432,616	684,838	1,604,637	1,245,027	1,110,926	1,107,642	1,601,970	1,237,382	1,068,251	684,698
Unrestricted	(2,233,152)	(716,945)	(89,915)	(104,259)	(51,833)	(254,539)	(330,808)	(40,441)	1,004	(124,221)
<b>Total Governmental Activities</b>										
Net Position	\$ 1,475,992	\$ 2,180,083	\$ 3,451,249	\$ 2,438,493	\$ 2,293,606	\$ 2,026,991	\$ 2,383,603	\$ 2,267,569	\$ 1,944,882	\$ 1,518,049
<b>Business-Type Activities:</b>										
Unrestricted	37	251	14,799	590	590	22,911	3,501	31,343	28,934	25,465
<b>Total Business-Type Activities</b>										
Net Position	\$ 37	\$ 251	\$ 14,799	\$ 590	\$ 590	\$ 22,911	\$ 3,501	\$ 31,343	\$ 28,934	\$ 25,465
<b>District-Wide:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 3,276,528	\$ 2,212,190	1,946,016	1,302,540	1,241,018	1,182,411	1,122,918	1,081,872	886,943	928,851
Restricted:										
Debt Service	-	-	(9,489)	(4,815)	(6,505)	(8,523)	(10,477)	(11,244)	(11,316)	28,721
Other Purposes	432,616	684,838	1,604,637	1,245,027	1,110,926	1,107,642	1,601,970	1,237,382	1,068,251	684,698
Unrestricted	(2,233,115)	(716,694)	(75,116)	(103,669)	(51,243)	(231,628)	(327,307)	(9,098)	29,938	(98,756)
<b>Total District Net Position</b>										
	\$ 1,476,029	\$ 2,180,334	\$ 3,466,048	\$ 2,439,083	\$ 2,294,196	\$ 2,049,902	\$ 2,387,104	\$ 2,298,912	\$ 1,973,816	\$ 1,543,514

**SEASIDE HEIGHTS BOARD OF EDUCATION  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS  
Unaudited**

EXHIBIT J-2  
PAGE 1 of 2

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 1,375,775	\$ 1,241,356	\$ 1,122,365	\$ 1,132,720	\$ 1,268,296	\$ 1,272,501	\$ 1,121,181	\$ 1,373,347	\$ 1,074,877	\$ 1,162,066
Special Education	332,050	338,961	303,797	347,883	279,473	267,009	259,138	210,827	272,253	341,511
Other Special Education	55,927	90,140	60,346	50,931	73,670	69,540	65,319	28,412	17,007	15,943
Other Instruction	75,587	-	-	-	-	-	-	-	-	-
Support Services & Undistributed Costs:										
Tuition	159,916	132,077	129,859	200,375	122,601	178,553	160,769	92,343	122,358	209,793
Attendance and Social Work Services	-	-	-	30,472	30,303	31,421	42,738	41,825	38,610	36,600
Health Services	-	-	-	67,751	70,992	62,387	62,523	59,555	50,548	53,375
Student & Instruction Related Services	645,812	599,132	523,056	475,331	446,863	450,866	400,874	316,963	366,123	253,892
Students - Extraordinary Services	-	-	-	80,800	54,462	51,900	40,580	-	-	-
Educational Media Services/School Library	-	-	-	49,784	55,197	48,847	24,296	18,644	21,655	6,066
Instructional Staff Training	-	-	-	665	851	166	2,911	166	2,199	708
School Administrative Services	91,023	125,158	121,243	37,896	37,984	53,313	36,086	36,014	32,580	29,000
General Administrative Services	89,677	129,445	130,595	142,200	149,649	147,954	183,019	191,379	209,682	253,157
Central Services	38,113	33,914	25,211	41,772	34,979	41,089	42,417	39,420	42,591	84,538
Administrative Information Technology	55,995	29,718	28,418	25,266	21,025	20,201	41,499	41,461	32,823	-
Plant Operations & Maintenance	287,790	1,199,796	601,634	232,651	233,420	247,517	227,244	252,663	230,864	234,052
Pupil Transportation	104,021	62,423	38,252	56,798	41,057	58,370	48,528	31,878	92,345	76,969
Business & Other Support Services	-	-	-	-	-	-	-	-	-	-
Unallocated Benefits	1,546,013	1,052,905	1,173,004	1,105,323	972,283	985,038	873,727	879,134	795,737	791,524
Interest on Long-Term Debt	22,517	14,099	11,941	10,222	14,377	18,778	24,159	27,320	29,849	38,391
Reduction of Capital Leases	-	-	-	-	-	-	-	-	-	(10,406)
Unallocated Compensated Absences	-	-	-	(44,383)	(21,323)	25,731	6,893	119,219	(8,982)	10,704
Unallocated Adjustment to Fixed Assets	(85,806)	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	196,340	171,074	55,940	64,020	64,020	65,289	76,235	87,402	175,119	175,118
Total Governmental Activities Expenses	4,990,750	5,220,198	4,325,661	4,108,477	3,970,179	4,096,470	3,740,136	3,847,972	3,598,238	3,763,001
Business-Type Activities:										
Food Service	145,964	129,386	103,784	148,012	125,257	104,567	149,886	111,608	116,915	121,509
Total Business-Type Activities Expense	145,964	129,386	103,784	148,012	125,257	104,567	149,886	111,608	116,915	121,509
Total District Expenses	\$ 5,136,714	\$ 5,349,584	\$ 4,429,445	\$ 4,256,489	\$ 4,095,436	\$ 4,201,037	\$ 3,890,022	\$ 3,959,580	\$ 3,715,153	\$ 3,884,510
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 1,059,347	\$ 719,951	\$ 759,796	\$ 487,641	\$ 574,746	\$ 565,163	\$ 475,568	\$ 762,188	\$ 825,536	\$ 728,503
Total Governmental Activities Program Revenues	1,059,347	719,951	759,796	487,641	574,746	565,163	475,568	762,188	825,536	728,503

**SEASIDE HEIGHTS BOARD OF EDUCATION**  
**CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)**  
**LAST TEN FISCAL YEARS**  
 Unaudited

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	2,338	1,088	4,404	4,946	5,866	7,578	6,435	6,823	6,947	10,475
Operating Grants & Contributions	122,512	108,750	108,209	122,446	97,070	116,399	115,609	107,194	108,437	109,074
<b>Total Business Type Activities Program Revenues</b>	<b>124,850</b>	<b>109,838</b>	<b>112,613</b>	<b>127,392</b>	<b>102,936</b>	<b>123,977</b>	<b>122,044</b>	<b>114,017</b>	<b>115,384</b>	<b>119,549</b>
<b>Total District Program Revenues</b>	<b>\$ 1,184,197</b>	<b>\$ 829,789</b>	<b>\$ 872,409</b>	<b>\$ 615,033</b>	<b>\$ 677,682</b>	<b>\$ 689,140</b>	<b>\$ 597,612</b>	<b>\$ 876,205</b>	<b>\$ 940,920</b>	<b>\$ 848,052</b>
<b>Net/(Expense)/Revenue:</b>										
Governmental Activities	\$ (3,931,403)	\$ (4,500,247)	\$ (3,565,865)	\$ (3,620,836)	\$ (3,395,433)	\$ (3,531,307)	\$ (3,264,568)	\$ (3,085,784)	\$ (2,772,702)	\$ (3,034,498)
Business-Type Activities	(211,114)	(19,548)	8,829	(20,620)	(22,321)	19,410	(27,842)	2,409	(1,531)	(1,960)
<b>Total District-Wide Net Expense</b>	<b>\$ (3,952,517)</b>	<b>\$ (4,519,795)</b>	<b>\$ (3,557,036)</b>	<b>\$ (3,641,456)</b>	<b>\$ (3,417,754)</b>	<b>\$ (3,511,897)</b>	<b>\$ (3,292,410)</b>	<b>\$ (3,083,375)</b>	<b>\$ (2,774,233)</b>	<b>\$ (3,036,458)</b>
<b>General Revenues &amp; Other Changes in Net Position:</b>										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	\$ 2,430,356	\$ 1,919,061	\$ 2,696,611	\$ 2,560,517	\$ 2,510,311	\$ 2,208,391	\$ 2,207,141	\$ 2,207,141	\$ 2,207,141	\$ 2,211,230
Taxes Levied for Debt Service	-	108,326	109,550	110,765	112,028	108,472	109,722	109,305	68,982	124,676
Tuition	7,883	9,262	1,080	16,941	41,046	7,833	-	7,195	7,449	-
Federal & State Aid Not Restricted	1,029,671	963,828	830,097	1,087,519	969,734	806,905	1,048,941	891,227	832,035	750,063
Investment Earnings	150	125	200	97	1,466	1,973	614	52,170	66,683	48,544
Special Items:										
FEMA reimbursements	32,837	-	375,000	-	-	-	-	-	-	-
Prior Year Overfunding of FEMA Aid	(356,521)	-	-	-	-	-	-	-	-	-
Insurance Recovery Related to Impaired Capital Asset-Super Storm Sandy	502,437	-	601,632	-	-	-	-	-	-	-
Loss on Impairment of Assets	-	-	(50,854)	-	-	-	-	-	-	-
Miscellaneous Income	96,549	233,480	20,305	10,884	27,463	41,121	14,868	18,548	22,245	45,589
Transfers	(20,900)	(5,000)	(5,000)	(21,000)	-	-	-	-	(5,000)	-
<b>Total Governmental Activities</b>	<b>3,722,462</b>	<b>3,229,082</b>	<b>4,578,621</b>	<b>3,765,723</b>	<b>3,662,048</b>	<b>3,174,695</b>	<b>3,381,286</b>	<b>3,408,471</b>	<b>3,199,535</b>	<b>3,180,102</b>
Business-Type Activities:										
Transfers	20,900	5,000	5,000	21,000	-	-	-	-	5,000	-
<b>Total Business-Type Activities</b>	<b>20,900</b>	<b>5,000</b>	<b>5,000</b>	<b>21,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 3,743,362</b>	<b>\$ 3,234,082</b>	<b>\$ 4,583,621</b>	<b>\$ 3,786,723</b>	<b>\$ 3,662,048</b>	<b>\$ 3,174,695</b>	<b>\$ 3,381,286</b>	<b>\$ 3,408,471</b>	<b>\$ 3,204,535</b>	<b>\$ 3,180,102</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ (208,941)	\$ (1,271,165)	\$ 1,012,756	\$ 144,887	\$ 266,615	\$ (356,612)	\$ 116,718	\$ 322,687	\$ 426,833	\$ 145,604
Business-Type Activities	(214)	(14,548)	13,829	380	(22,321)	19,410	(27,842)	2,409	3,469	(1,960)
<b>Total District</b>	<b>\$ (209,155)</b>	<b>\$ (1,285,713)</b>	<b>\$ 1,026,585</b>	<b>\$ 145,267</b>	<b>\$ 244,294</b>	<b>\$ (337,202)</b>	<b>\$ 88,876</b>	<b>\$ 325,096</b>	<b>\$ 430,302</b>	<b>\$ 143,644</b>

**SEASIDE HEIGHTS BOARD OF EDUCATION  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

*Unaudited*

FISCAL YEAR ENDING JUNE 30,

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Reserved	\$ 758,929	798,271	1,684,028	1,253,207	1,209,750	1,116,127	1,611,086	954,131	1,068,160	678,696
Unreserved	58,624	130,749	144,059	167,160	174,679	85,070	(14,446)	549,012	196,222	82,462
<b>Total General Fund</b>	<b>\$ 817,553</b>	<b>\$ 929,020</b>	<b>\$ 1,828,087</b>	<b>\$ 1,420,367</b>	<b>\$ 1,384,429</b>	<b>\$ 1,201,197</b>	<b>\$ 1,596,640</b>	<b>\$ 1,503,143</b>	<b>\$ 1,264,382</b>	<b>\$ 761,158</b>
All Other Governmental Funds										
Unreserved, Reported in:										
Special Revenue Fund	\$ (9,769)	(13,433)	(13,094)	(8,180)	(9,498)	(8,485)	(9,116)	(9,552)	(15,212)	(15,153)
Capital Projects Fund	-	-	277,741	-	-	-	-	15,303	15,303	21,155
Debt Service Fund	-	-	-	-	-	2	2	1	1,592	44,691
<b>Total All Other Governmental Funds</b>	<b>\$ (9,769)</b>	<b>\$ (13,433)</b>	<b>\$ 264,647</b>	<b>\$ (8,180)</b>	<b>\$ (9,498)</b>	<b>\$ (8,483)</b>	<b>\$ (9,114)</b>	<b>\$ 5,752</b>	<b>\$ 1,683</b>	<b>\$ 50,693</b>

SEASIDE HEIGHTS BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)  
Unaudited

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>										
Tax levy	\$ 2,430,356	\$ 2,027,387	\$ 2,806,161	\$ 2,671,282	\$ 2,622,339	\$ 2,316,863	\$ 2,316,863	\$ 2,316,446	\$ 2,276,123	\$ 2,335,906
Tuition charges	7,883	9,264	1,080	16,941	41,046	7,833	-	7,195	7,449	-
Interest	150	125	200	97	1,466	1,973	614	52,170	66,683	48,544
Miscellaneous	96,549	233,466	20,305	10,884	27,463	41,121	14,868	18,548	22,245	45,589
State Sources	1,458,805	1,418,991	1,303,091	1,168,860	1,093,387	889,273	1,190,303	1,284,209	1,236,143	1,081,538
Federal Sources	296,489	264,788	286,802	406,300	451,093	482,795	334,206	369,206	421,428	397,028
<b>Total revenue</b>	<b>4,290,232</b>	<b>3,954,021</b>	<b>4,417,639</b>	<b>4,274,364</b>	<b>4,236,794</b>	<b>3,739,858</b>	<b>3,856,854</b>	<b>4,047,774</b>	<b>4,030,071</b>	<b>3,908,605</b>
<b>Expenditures</b>										
Instruction:										
Regular Instruction	1,375,775	1,241,356	1,122,365	1,132,720	1,268,296	1,272,501	1,121,181	1,373,347	1,074,877	1,162,066
Special Education Instruction	332,050	338,961	303,797	347,883	279,473	267,009	259,138	210,827	272,253	341,511
Other Special Instruction	55,927	90,140	60,346	50,931	73,670	69,540	65,319	28,412	17,007	15,943
Other Instruction	75,587	-	-	-	-	-	-	-	-	-
Support Services & Undistributed Costs:										
Tuition	159,916	132,077	129,859	200,375	122,601	178,553	160,769	92,343	122,358	209,793
Attendance and Social Work Services	-	-	-	30,472	30,303	31,421	42,738	41,825	38,610	36,600
Health Services	-	-	-	67,751	70,992	62,387	62,523	59,555	50,548	53,375
Student & Instruction Related Services	645,812	599,132	523,056	475,331	446,863	450,866	400,874	316,963	366,123	253,892
Students - Extraordinary Services	-	-	-	80,800	54,462	51,900	40,580	-	-	-
Educational Media Services/School Library	-	-	-	49,784	55,197	48,847	24,296	18,644	21,655	6,066
Instructional Staff Training	-	-	-	665	851	166	2,911	166	2,199	708
General Administrative Services	91,023	129,445	130,595	142,200	149,649	147,954	183,019	191,379	209,682	253,157
School Administrative Services	89,677	125,158	121,243	37,896	37,984	53,313	36,086	36,014	32,580	29,000
Central Services	38,113	33,914	25,211	41,772	34,979	41,089	42,417	39,420	42,591	84,538
Administrative Information Technology	55,995	29,718	28,418	25,266	21,025	20,201	41,499	41,461	32,823	-
Plant Operations & Maintenance	287,790	1,199,796	1,178,045	229,703	251,938	247,517	227,244	252,663	230,864	234,052
Pupil Transportation	104,021	62,423	38,252	56,798	41,057	58,370	48,528	31,878	92,345	76,969
Business & Other Support Services	1,163,537	1,139,036	1,188,148	1,105,359	974,731	987,522	876,211	-	-	-
Unallocated Benefits	-	-	-	-	-	-	-	881,618	798,221	794,008
Debt Service:										
Principal	-	131,975	128,680	125,542	122,627	119,855	117,281	114,746	112,353	110,050
Interest	-	2,451	7,267	11,912	16,397	20,732	24,925	28,983	32,911	36,715
Capital Outlay	346,920	651,331	227,442	2,948	1,482	4,927	-	44,700	20,857	4,806
<b>Total Expenditures</b>	<b>4,822,143</b>	<b>5,906,913</b>	<b>5,212,724</b>	<b>4,216,108</b>	<b>4,054,577</b>	<b>4,134,670</b>	<b>3,777,539</b>	<b>3,804,944</b>	<b>3,570,857</b>	<b>3,703,249</b>

SEASIDE HEIGHTS BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)  
Unaudited

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(531,911)	(1,952,892)	(795,085)	58,256	182,217	(394,812)	79,315	242,830	459,214	205,356
Other Financing Sources/(Uses):										
Community Disaster Loan (FEMA) Transfers in	266,255	777,550	-	-	-	-	-	-	-	-
Lease Purchase Agreements	-	14,914	-	-	-	-	14,619	-	-	-
Insurance Recovery Related to Impaired Capital Asset-Super Storm Sandy	-	3,197	504,000	-	-	-	-	-	-	-
FEMA reimbursements	502,437	-	601,632	-	-	-	-	-	-	-
Prior Year Overfunding of FEMA Aid Transfers Out	32,837	-	375,000	-	-	-	-	-	-	-
	(356,521)	-	-	-	-	-	-	-	-	-
	(20,900)	(19,916)	(5,000)	(21,000)	-	-	(14,619)	-	(5,000)	-
Total Other Financing Sources/(Uses)	424,108	775,745	1,475,632	(21,000)	-	-	-	-	(5,000)	-
Net Change in Fund Balances	\$ (107,803)	\$ (1,177,147)	\$ 680,547	\$ 37,256	\$ 182,217	\$ (394,812)	\$ 79,315	\$ 242,830	\$ 454,214	\$ 205,356

Debt Service as a Percentage of Noncapital Expenditures	N/A	2.56%	2.73%	3.26%	3.43%	3.40%	3.76%	3.82%	4.09%	3.97%
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Source: District Records

**SEASIDE HEIGHTS BOARD OF EDUCATION  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

Unaudited

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	INTERMEDIATE SOURCES	TUITION	MISCELLANEOUS	TOTAL
2015	\$ 150	N/A	\$ 7,883	\$ 9,944	\$ 17,977
2014	125	N/A	9,264	18,629	28,018
2013	200	N/A	1,080	17,850	19,130
2012	97	N/A	16,941	3,950	20,988
2011	1,466	N/A	41,046	24,380	66,892
2010	1,973	N/A	7,833	41,121	50,927
2013	614	N/A	N/A	14,868	15,482
2013	52,170	N/A	N/A	18,190	70,360
2007	66,683	N/A	N/A	13,315	79,998
2006	48,544	N/A	N/A	45,589	94,133

Source: District records

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REVENUE CAPACITY INFORMATION

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN FISCAL YEARS  
Unaudited**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2015	28,267,900	396,077,000	188,074,300	-	28,414,000	640,833,200	62,720,400	-	703,553,600	-	659,157,786
2014	34,644,400	389,582,900	172,293,800	-	27,037,200	623,558,300	60,462,400	-	684,020,700	-	661,881,223
2013	24,298,400	383,807,400	183,016,300	-	26,681,900	617,804,000	60,462,400	-	678,266,400	0.595	659,553,753
2012	41,262,400	513,122,400	249,842,300	-	38,733,100	842,960,200	79,620,500	-	922,580,700	0.603	759,697,368
2011	44,451,600	516,178,700	255,271,300	-	39,320,400	855,222,000	79,620,500	322,996	935,165,496		
2010	50,563,100	521,672,800	287,005,200	-	39,772,600	899,013,700	80,154,400	389,332	979,557,432	0.296	876,461,523
2009	50,563,100	521,672,800	287,005,200	-	39,772,600	899,013,700	80,154,400	389,332	979,557,432	0.296	876,461,523
2008	43,217,800	521,942,000	268,433,200	-	40,467,600	874,060,600	77,359,400	357,466	951,777,466	0.265	864,721,607
2007	47,218,000	542,856,200	321,099,750	-	46,627,100	957,801,050	96,202,902	357,466	1,054,361,418	0.257	792,242,977
2006	8,775,300	128,332,700	83,082,700	-	10,680,300	230,871,000	21,775,000	124,354	252,770,354	0.925	646,697,356

Abstract of Ratables - Ocean County

**SEASIDE HEIGHTS BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate per \$100 of Assessed Value)*  
*Unaudited*

	<u>SCHOOL DISTRICT DIRECT RATE</u>		<u>OVERLAPPING RATES</u>			TOTAL DIRECT & OVERLAPPING TAX RATE
	TOTAL REGIONAL TAX RATE	LOCAL SCHOOL DISTRICT TAX RATE	MUNICIPAL TAX RATE	COUNTY TAX RATE		
2015	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A
2013	0.267	0.328	0.813	0.349	1.757	1.757
2012	0.270	0.333	0.333	0.325	1.261	1.261
2011	N/A	0.308	0.544	N/A	0.852	0.852
2010	0.296	0.302	0.516	0.264	1.378	1.378
2009	0.298	0.265	0.440	0.250	1.253	1.253
2008	0.287	0.265	0.357	0.248	1.157	1.157
2007	0.257	0.241	0.281	0.258	1.037	1.037
2006	0.925	0.985	0.937	0.945	3.792	3.792

**Source: Municipal Tax Collector**

**SEASIDE HEIGHTS BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
Unaudited**

	2015			2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Rank	Taxable Assessed Value	% of Total District Net Assessed Value
<b>Seaside Heights</b>					
AFMV, LLC	\$ 25,869,400	3.92%	1	N/A	N/A
Belle Freeman Properties	9,346,300	1.42%	2	N/A	N/A
McGrath Partnership	6,322,000	0.96%	3	N/A	N/A
Shree Atlantic Hospitality LLC	5,228,800	0.79%	4	N/A	N/A
Tilles, Samuel Inc	4,837,700	0.73%	5	N/A	N/A
Seaside Heights Imp. & Dev	4,554,200	0.69%	6	N/A	N/A
Saddy Family LLC	4,404,400	0.67%	7	N/A	N/A
Taxpayer #1	4,185,900	0.64%	8	N/A	N/A
Coin Castle Amusements	3,739,600	0.57%	9	N/A	N/A
AB-Island Beach Way, LLC	3,553,000	0.54%	10	N/A	N/A
Total	\$ 72,041,300	10.93%		N/A	N/A

**Source:** Municipal Tax Assessor

**SEASIDE HEIGHTS BOARD OF EDUCATION  
PROPERTY TAX LEVIES & COLLECTIONS  
LAST TEN FISCAL YEARS  
Unaudited**

FISCAL YEAR ENDED	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2015	\$ 2,430,356	\$ 2,430,356	100%	-
2014	2,027,387	2,027,387	100%	-
2013	2,806,161	2,806,161	100%	-
2012	2,671,282	2,671,282	100%	-
2011	2,622,339	2,622,339	100%	-
2010	2,316,863	2,316,863	100%	-
2009	2,316,863	2,316,863	100%	-
2008	2,316,446	2,316,446	100%	-
2007	2,276,123	2,276,123	100%	-
2006	2,335,906	2,335,906	100%	-

## DEBT CAPACITY INFORMATION

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
Unaudited**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME
	GENERAL OBLIGATION BONDS	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES		
2015	\$ -	N/A	\$ 309,869	N/A	N/A
2014	-	N/A	409,599	409,599	N/A
2013	3,296	N/A	504,000	507,296	N/A
2012	260,654	N/A	N/A	260,654	N/A
2011	386,196	N/A	N/A	386,196	N/A
2010	508,823	N/A	N/A	508,823	N/A
2009	628,278	N/A	N/A	628,278	0.47%
2008	745,959	N/A	N/A	745,959	0.56%
2007	860,705	N/A	N/A	860,705	0.67%
2006	973,058	N/A	N/A	973,058	0.82%

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statement

**SEASIDE HEIGHTS BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**Unaudited**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2015	\$ -	N/A	\$ -	0.00%	N/A
2014	-	N/A	-	0.00%	N/A
2013	131,975	N/A	131,975	0.00%	N/A
2012	260,654	N/A	260,654	0.00%	N/A
2011	386,196	N/A	386,196	0.00%	N/A
2010	508,823	N/A	508,823	0.00%	N/A
2009	628,678	N/A	628,678	0.00%	N/A
2008	745,959	N/A	745,959	0.00%	N/A
2007	860,705	N/A	860,705	0.00%	N/A
2006	973,058	N/A	973,058	0.00%	N/A

**SEASIDE HEIGHTS BOARD OF EDUCATION  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2015  
Unaudited**

GOVERNMENTAL UNIT	ESTIMATED PERCENTAGE APPLICABLE	DEBT OUTSTANDING
<b>Seaside Heights</b>		
Debt Repaid With Property Taxes:		
Borough of Seaside Heights		N/A
Ocean County General Obligation Debt		\$ 25,514,344
Subtotal, Overlapping Debt		25,514,344
Seaside Heights School District Direct Debt		-
Total Direct & Overlapping Debt		<u>\$ 25,514,344</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Ocean County Board of Taxation.

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DEMOGRAPHIC AND ECONOMIC STATISTICS

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
Unaudited**

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2015	2,914	N/A	9.40%
2014	2,906	43,214	17.20%
2013	2,892	43,200	14.30%
2012	2,901	40,724	14.00%
2011	2,893	40,291	13.50%
2010	3,355	39,331	12.80%
2009	3,343	40,975	8.20%
2008	3,319	39,214	6.10%
2007	3,242	36,773	6.90%
2006	3,220	34,497	5.60%

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO**

No employers are currently located within the municipality that have in excess of 100 full time employees.

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## OPERATING INFORMATION

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**SEASIDE HEIGHTS BOARD OF EDUCATION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
Unaudited**

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Regular	19	19	18	17	16	16	16	15	14	14
Special Education	4	4	4	7	11	11	11	11	11	11
Other Special Education	4	5	5	1	2	2	2	2	2	2
Support Services:										
Student & Instruction Related Services	8	7	7	10	4	4	4	3	3	3
School Administrative Services	1	2	2	1	1	1	1	1	1	1
General & Business Administrative Services	1	1	1	2	4	4	4	6	6	6
Plant Operations & Maintenance	3	4	4	3	3	3	3	2	2	2
<b>Total</b>	<b>40</b>	<b>42</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>40</b>	<b>39</b>	<b>39</b>

**Source:** District Personnel Records

**SEASIDE HEIGHTS BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
Unaudited**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY SCHOOL	SCHOOL				
2015	211	\$ 4,475,223	\$ 21,210	-14.27%	24	8.9	226.6	206	11.08%	90.86%	
2014	207	5,121,156	24,740	18.36%	24	9	204.0	184	23.64%	90.20%	
2013	232	4,849,335	20,902	18.90%	24	9	165.0	147	-26.67%	89.09%	
2012	232	4,078,654	17,580	0.12%	29	8	225.0	204	2.74%	90.67%	
2011	223	3,915,553	17,559	-2.18%	29	7	219.0	199	-2.23%	90.87%	
2010	222	3,984,931	17,950	-0.10%	29	8	224.0	204	10.89%	91.07%	
2009	201	3,611,589	17,968	5.33%	29	7	202.0	185	-3.81%	91.58%	
2008	212	3,616,515	17,059	8.22%	26	8	210.0	197	-0.47%	93.81%	
2007	216	3,404,736	15,763	18.50%	25	9	211.0	195	-16.27%	92.42%	
2006	267	3,551,678	13,302	14.66%	25	12	252.0	245	-9.03%	97.22%	

**Sources:** District records

**Note:** Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEAR  
Unaudited**

DISTRICT BUILDINGS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary Schools:										
Hugh J Boyd Jr. Elementary (1967):										
Square Feet	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040
Capacity (Students)	313	313	313	313	313	313	313	313	313	313
Enrollment	211	207	232	232	212	222	201	212	216	267

Number of Schools at June 30, 2015:

- Elementary = 1
- Middle School = 0
- Senior High School = 0
- Other = 0

**Source:** District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
Unaudited**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-xxx

	Hugh J. Boyd, Jr.	
	Elementary	TOTAL
2015	\$ 84,118	\$ 84,118
2014	977,095	977,095
2013	1,013,562	1,013,562
2012	44,459	44,459
2011	30,392	30,392
2010	46,125	46,125
2009	63,008	63,008
2008	74,213	74,213
2007	68,363	68,363
2006	79,625	79,625

School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**SEASIDE HEIGHTS BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2015  
Unaudited**

	Coverage	Deductible
New Jersey School Boards Association Insurance Group		
Property	\$ 6,000,000	\$ 5,000
Environmental Package	\$ 3,000,000	\$ 1,000
Extra Expense		
Valuable Papers		
EDP		
Equipment Breakdown		\$ 1,000
Crime & Bonds		
Faithful Performance		
Forgery & Alteration		
Money & Securities		
Board Secretary	\$ 50,000	
Treasurer	\$ 150,000	
General Liability	\$ 6,000,000	\$ 1,000
Automobile Liability	N/A	N/A

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members  
of the Seaside Heights Board of Education  
County of Ocean  
Seaside Heights, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Seaside Heights Board of Education, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise Seaside Heights Board of Education's basic financial statements, and have issued our report thereon dated November 30, 2015

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines  
Certified Public Accountant  
Public School Accountant, No. 2198

Toms River, New Jersey  
November 30, 2015



HOLMAN | FRENIA  
ALLISON, P.C.

Certified Public Accountants & Consultants

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EXHIBIT K-2

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR  
A-133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08.**

Honorable President and Members  
of the Seaside Heights Board of Education  
County of Ocean  
Seaside Heights, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited Seaside Heights Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2015. Seaside Heights Board of Education's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Seaside Heights Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Seaside Heights Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Seaside Heights Board of Education's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Seaside Heights Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Opinion on Each Major State Program**

#### ***Basis for Qualified Opinion on Categorical Special Education Aid, Adjustment Aid, Security Aid, Equalization Aid, Per Pupil Growth Aid, PARCC Readiness and School Choice Aid***

As described in the accompanying schedule of findings and questioned costs, Seaside Heights Board of Education did not comply with requirements regarding 15-495-034-5120-089 Categorical Special Education Aid, 15-495-034-5120-085 Adjustment Aid, 15-495-034-5120-084 Security Aid, 15-495-034-5120-078 Equalization Aid, 15-495-034-5120-097 Per Pupil Growth Aid, 15-495-034-5120-098 PARCC Readiness and 15-495-034-5120-068 School Choice Aid as described in finding number 2015-001. Compliance with such requirements is necessary, in our opinion, for Seaside Heights Board of Education to comply with the requirements applicable to that program.

#### ***Qualified Opinion on Categorical Special Education Aid, Adjustment Aid, Security Aid, Equalization Aid, Per Pupil Growth Aid, PARCC Readiness and School Choice Aid***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Seaside Heights Board of Education, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Categorical Special Education Aid, Adjustment Aid, Security Aid, Equalization Aid, Per Pupil Growth Aid, PARCC Readiness and School Choice Aid state programs for the year ended June 30, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed no other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08.

Seaside Heights Board of Education's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Seaside Heights Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of Seaside Heights Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Seaside Heights Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in

the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Seaside Heights Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines  
Certified Public Accountant  
Public School Accountant, No. 2198

Toms River, New Jersey  
November 30, 2015

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SEASIDE HEIGHTS BOARD OF EDUCATION  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	PRIOR YEAR (RECEIVABLES) PAYABLES CANCELED	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	DEFERRED REVENUE AT JUNE 30, 2015	DUE TO GRANTOR AT JUNE 30, 2015
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH</b>												
<b>STATE DEPARTMENT OF EDUCATION:</b>												
Food Distribution Program	10.555	\$ 11,059	7/1/14-6/30/15	\$ -	\$ -	\$ 11,059	\$ (11,059)	\$ -	\$ -	\$ -	\$ -	\$ -
School Breakfast Program	10.553	26,321	7/1/14-6/30/15	-	-	24,393	(26,321)	-	-	(1,928)	-	-
School Breakfast Program	10.553	27,072	7/1/13-6/30/14	(2,019)	-	2,019	-	-	-	-	-	-
National Performance Based Lunch	10.555	1,709	7/1/14-6/30/15	-	-	1,580	(1,709)	-	-	(129)	-	-
National Performance Based Lunch	10.555	1,493	7/1/13-6/30/14	(105)	-	105	-	-	-	-	-	-
National School Lunch Program	10.555	81,861	7/1/14-6/30/15	-	-	75,685	(81,861)	-	-	(6,176)	-	-
National School Lunch Program	10.555	70,948	7/1/13-6/30/14	(5,049)	-	5,049	-	-	-	-	-	-
Total U.S. Department of Agriculture				(7,173)	-	119,890	(120,950)	-	-	(8,233)	-	-
General Fund:												
Federal Emergency Management Agency (FEMA)												
Department of Homeland Security (DHS)												
Public Assistance Grants:												
Superstorm Sandy	97.036	32,837	7/1/14-6/30/15	-	-	32,837	(32,837)	-	-	-	-	-
Superstorm Sandy	97.036	315,553	7/1/13-6/30/14	(315,553)	-	315,553	-	-	-	-	-	-
Community Disaster Loan (FEMA)	97.030	266,255	7/1/14-6/30/15	-	-	266,255	(266,255)	-	-	-	-	-
Total General Fund				(315,553)	-	614,645	(299,092)	-	-	-	-	-

U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH  
STATE DEPARTMENT OF EDUCATION:

Special Revenue Fund:												
N.C.L.B.												
Title I	84.010	250,713	9/1/10-8/31/11	1,950	-	-	-	-	-	-	-	1,950
Title I	84.010	196,472	9/1/13-8/31/14	(149,322)	-	149,322	-	-	-	-	-	-
Title I	84.010	193,552	9/1/14-8/31/15	-	-	137,992	(186,136)	-	-	(48,144)	-	-
Title II Part A	84.367	33,529	9/1/13-8/31/14	(33,529)	-	33,529	-	-	-	-	-	-
Title II Part A	84.367	33,356	9/1/14-8/31/15	-	-	23,825	(29,105)	-	-	(5,280)	-	-
I.D.E.A. Part B, Basic Regular	84.027	87,402	9/1/12-8/31/13	(19,258)	-	19,258	-	-	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	79,883	9/1/13-8/31/14	(60,570)	-	63,200	-	-	-	-	2,630	-
I.D.E.A. Part B, Basic Regular	84.027	79,905	9/1/14-8/31/15	-	-	79,905	(79,905)	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	2,109	9/1/13-8/31/14	(2,109)	-	2,109	-	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	2,078	9/1/14-8/31/15	-	-	1,099	(2,078)	-	-	(979)	-	-
Total Special Revenue Fund				(262,838)	-	510,239	(297,224)	-	-	(54,403)	2,630	1,950
Total U.S. Department of Education				(578,391)	-	1,124,884	(596,316)	-	-	(54,403)	2,630	1,950
Total Federal Financial Assistance				\$ (585,564)	\$ -	\$ 1,244,774	\$ (717,266)	\$ -	\$ -	\$ (62,636)	\$ 2,630	\$ 1,950

SEASIDE HEIGHTS BOARD OF EDUCATION  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	MEMO	
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>State Department of Education:</b>										
General Fund:										
Choice Aid	15-495-034-5120-068	\$ 209,895	7/1/14-6/30/15	\$ -	-	\$ 209,895	\$ (209,895)	\$ -	\$ 20,952	\$ 209,895
Transportation Aid	15-495-034-5120-014	11,471	7/1/14-6/30/15	-	-	11,471	(11,471)	-	1,145	11,471
Equalization Aid	15-495-034-5120-078	202,129	7/1/14-6/30/15	-	-	202,129	(202,129)	-	20,177	202,129
Special Education Aid	15-495-034-5120-089	109,922	7/1/14-6/30/15	-	-	109,922	(109,922)	-	10,973	109,922
Security Aid	15-495-034-5120-084	78,161	7/1/14-6/30/15	-	-	78,161	(78,161)	-	7,802	78,161
Adjustment Aid	15-495-034-5120-085	410,159	7/1/14-6/30/15	-	-	410,159	(410,159)	-	40,959	410,159
Per Pupil Growth Aid	15-495-034-5120-097	1,950	7/1/14-6/30/15	-	-	1,950	(1,950)	-	195	1,950
PARCC Readiness	15-495-034-5120-098	1,950	7/1/14-6/30/15	-	-	1,950	(1,950)	-	195	1,950
Extraordinary Aid	15-495-034-5120-473	13,625	7/1/14-6/30/15	-	-	-	(13,625)	(13,625)	-	13,625
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	15-495-034-5095-002	120,590	7/1/14-6/30/15	-	-	108,536	(120,590)	(12,054)	-	120,590
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	14-495-034-5095-002	107,085	7/1/13-6/30/14	(107,085)	-	107,085	-	-	-	-
On-Behalf TPAF Pension Contributions - Post Retirement Medi	15-495-034-5095-001	122,230	7/1/14-6/30/15	-	-	122,230	(122,230)	-	-	122,230
On-Behalf TPAF Pension Contributions	15-495-034-5095-006	71,827	7/1/14-6/30/15	-	-	71,827	(71,827)	-	-	71,827
On-Behalf TPAF Pension Contributions - NCGI	15-495-034-5095-007	5,168	7/1/14-6/30/15	-	-	5,168	(5,168)	-	-	5,168
Total General Fund				(107,085)	-	1,440,483	(1,359,077)	(25,679)	102,398	1,359,077
Special Revenue Fund:										
Preschool Education	15-495-034-5120-086	97,848	7/1/14-6/30/15	-	-	97,848	(97,848)	-	9,769	97,848
Total Special Revenue Fund				-	-	97,848	(97,848)	-	9,769	97,848
<b>State Department of Agriculture:</b>										
Enterprise Fund:										
National School Lunch Program (State Share)	15-100-010-3360-067	1,549	7/1/14-6/30/15	-	-	1,433	(1,549)	(116)	-	1,549
National School Lunch Program (State Share)	14-100-010-3360-067	1,439	7/1/13-6/30/14	(178)	-	178	-	-	-	-
Total Enterprise Fund				(178)	-	1,611	(1,549)	(116)	-	1,549
Total State Financial Assistance				\$ (107,263)	\$ -	\$ 1,539,942	\$ (1,458,474)	\$ (25,795)	\$ 112,167	\$ 1,458,474
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 04-04:										
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)							122,230			
On-Behalf TPAF Pension Contributions (Nonbudgeted)							71,827			
On-Behalf TPAF Pension Contributions NCGI (Nonbudgeted)							5,168			
Total State Financial Assistance Subject to New Jersey OMB Circular 04-04							\$ (1,259,249)			

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1: General**

The accompanying schedules of expenditures of federal and state awards include federal and state award activity of the Board of Education, Seaside Heights Board of Education. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of 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 food service fund, which are presented using the accrual basis of accounting. The basis of accounting is described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB 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 for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(1,784) for the general fund and \$3,664 for the special revenue fund. See Exhibit C-3, 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 presented as follows:

**SEASIDE HEIGHTS BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3: Relationship to Basic Financial Statements (continued)**

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ -	\$ 1,357,293	\$ 1,357,293
Special Revenue Fund	296,489	101,512	398,001
Food Service Fund	<u>120,950</u>	<u>1,549</u>	<u>122,499</u>
Total Financial Assistance	<u>\$ 417,439</u>	<u>\$ 1,460,354</u>	<u>\$ 1,877,793</u>

**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: Federal and State Loans Outstanding**

The Seaside Heights Board of Education had a Community Disaster Loan from the Federal Emergency Management Agency outstanding in the amount of \$1,043,805 as of June 30, 2015. The loan is due on July 11, 2018 and is accruing interest at 1.5%.

**Note 6: Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2015**

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

**Financial Statements**

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

**Federal Awards**

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With Section .510(a) of Circular A-133?	None Reported

**Identification of major programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.030	Community Disaster Loan
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2015**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No
Type of auditor’s report issued on compliance for major programs	<u>Qualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	Yes
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04 and/or 15-08?	Yes

**Identification of major programs:**

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	<u>State Aid Public Cluster:</u>
15-495-034-5120-089	Special Education Aid
15-495-034-5120-085	Adjustment Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-078	Equalization Aid
15-495-034-5120-068	School Choice Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5120-098	PARCC Readiness Aid

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

**No Current Year Findings**

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2015**

**Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04 and/or 15-08.

**STATE AWARDS:**

**Finding 2015-001:**

Information on the State Program: GMIS #'s; 15-495-034-5120-089, 15-495-034-5120-085, 15-495-034-5120-084, 15-495-034-5120-078, 15-495-034-5120-097, 15-495-034-5120-098 and 15-495-034-5120-068

**Criteria:**

A completed application, intent to enroll form, and a confirmation of enrollment/eligibility from the student's resident district should be retained for all students admitted into the Choice Program.

**Condition:**

During our audit, it was noted the required forms were not retained for four out of the ten students tested in the Choice Program.

**Questioned Costs:**

None.

**Context:**

The required forms could not be located.

**Cause:**

The proper forms were not retained.

**Effect:**

The required documentation was insufficient for the students in the Choice Program.

**Recommendation:**

The District should retain proper documentation for all students in the Choice Program.

**Management's Response:**

Management has reviewed this finding and has indicated that corrective action will be taken.

**SEASIDE HEIGHTS BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04 and/or 15-08.

**Status of Prior Year Findings**

**Finding 2014-001**

Our audit revealed budget transfers exceeded the 10% threshold, but were not approved by the County Superintendent.

**Current Status**

Corrective action has been taken.

**Finding 2014-002**

Our audit revealed that the required forms were not retained for ten out of the ten students tested in the Choice Program.

**Current Status**

See Finding 2015-001.