

SEASIDE HEIGHTS SCHOOL DISTRICT

Seaside Heights, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SEASIDE HEIGHTS BOARD OF EDUCATION

SEASIDE HEIGHTS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Dr. Triantafillos Parlapanides
Superintendent of Schools

Christopher Raichle
Principal

Kevin O'Shea
Business Admin/Board Secretary

November 4, 2016

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, 2016 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 this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendation, 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 GASB as established by Statement No. 14. 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 2015-16 was a productive and innovative year. The District continued its recovery from Super Storm Sandy. The District repaired some HVAC units and began preparation for an LED lighting project. The District also successfully appealed a decision by FEMA resulting in a return of funds related to Superstorm Sandy in the amount of \$450,000.

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, 2016.

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, 2016.

8. **DEBT ADMINISTRATION:**

As of June 30, 2016, the District's outstanding debt liability, including interest, beyond one year is \$3,217,068.

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.

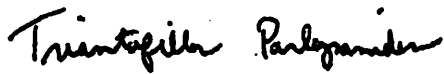
11. **OTHER INFORMATION:**

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 Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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.

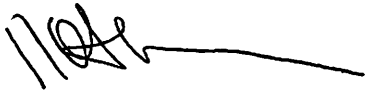
12. **ACKNOWLEDGMENTS:**

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

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

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

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Mr. Todd Genty, President	2016
Mr. Erik Hershey, Vice President	2017
Mr. Andrew Leahy	2017
Mr. Raymond Powanda-Carvalho	2016
Mr. Peter Smith	2018

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
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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
County of Ocean
Seaside Heights, New Jersey 08751

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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the schedules relating to accounting and reporting for pension 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, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule 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 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 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 Schedule 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 statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents 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 04, 2016 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 04, 2016

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, 2016**

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, 2016. 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.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2016 are as follows:

- 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 and 2014-15 fiscal years. In all, the District sustained damages and replacement costs totaling about \$1,950,074 as a result of the storm. The District submitted these expenditures to its insurance company and to FEMA for reimbursement. As of June 30, 2016 both FEMA and Insurance claims were all 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, 2016, the outstanding balance of the lease for this project was \$206,711
- 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 aside \$200,000 in its 2015-2016 budget towards the repayment of the loan.
- Total spending for all our programs was \$5,397,790 for the school year ending June 30, 2016. 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 \$1,466,553

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 2015-16 school year.

- General revenues accounted for \$4,595,871 in revenue or 78.65 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,247,528 or 21.35 percent of total revenues of \$5,843,399.
- Cash and cash equivalents decreased by \$442,787, receivables increased by \$558,079 and net capital assets decreased by \$173,154. Receivables increased due mainly to FEMA overturning its decision on a project worksheet from Superstorm Sandy in the amount of \$450,000 that was paid back to the District in October 2016
- Among governmental funds, the general fund had \$4,630,799 in revenues along with \$333,359 in other financing sources, and \$4,357,837 in expenditures. The District's general fund balance increased \$606,321 from 2015.
- For the 2015-16 school year total expenses were less than total revenue and other financing sources. Thus, there was an increase in the General Activities Net position of \$606,603 or an 75.09% increase from 2015. The increase is due mainly to other financing sources of Insurance recovery and a prior year overfunding from FEMA in the amounts of \$115,895 and \$34,464, respectively.
- 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 2016?" 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.

Net Position				
As of June 30, 2016				
	Governmental Activities		Business-Type Activities	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets				
Current and Other Assets	\$ 1,910,244	\$ 1,261,256	\$ 14,756	\$ 12,104
Capital Assets, Net	3,413,243	3,586,397	-	-
Total Assets	<u>5,323,487</u>	<u>4,847,653</u>	<u>14,756</u>	<u>12,104</u>
Liabilities				
Long-term Liabilities	3,113,837	2,679,742	-	-
Other Liabilities	289,129	223,737	12,067	12,067
Total Liabilities	<u>3,402,966</u>	<u>2,903,479</u>	<u>12,067</u>	<u>12,067</u>
Net Position				
Net Investment in capital assets	3,204,839	3,276,528	-	-
Restricted	411,384	782,616	-	-
Unrestricted	(1,695,702)	(2,173,653)	2,689	37
Total Net Position	<u>\$ 1,920,521</u>	<u>\$ 1,885,491</u>	<u>\$ 2,689</u>	<u>\$ 37</u>

The following summarizes the changes in Net Position for the fiscal years ended June 30, 2016 and 2015.

Changes in Net Position

REVENUES	2016	2015
Charges for Services	\$ 1,572	\$ 2,338
Operating Grants & Contribution	1,246,734	1,059,347
Property Taxes	2,737,431	2,430,356
Grants & Entitlements	1,466,553	1,029,671
Other	391,887	639,856
Total Revenue	\$ 5,844,177	\$ 5,161,568
Expenses		
Instruction		
Regular	\$ 1,349,439	\$ 1,375,775
Special Education	440,289	332,050
Other Special Instruction	57,204	55,927
Other Instruction	25,456	75,587
Support Services		
Tuition	32,306	159,916
Student & Instr. Related	617,162	645,812

School Admin. Services	110,395	91,023
Other Admin Services	92,028	89,677
Plant Oper & Maintenance	305,674	287,790
Central Services & Info Technology	73,520	94,108
Transportation	116,039	104,021
Unallocated Benefits	1,820,944	1,546,013
Debt Services		
Interest on Debt	21,741	22,517
Unallocated Depreciation	199,299	196,340
Other	-	(85,806)
Total Government Activities		
Business Type		
Food Service	136,294	145,964
Total	136,294	145,964
Total District Expense	\$ 5,397,790	\$ 5,136,714

Governmental Activities

Property taxes made up 48.41 percent of revenues for governmental activities for the Seaside Heights School District for the year 2016. Federal, state and local grants accounted for another 25.94 percent of revenue. The District's total revenues and other financing sources were \$5,670,767 for the year ended June 30, 2016.

The total cost of all programs and services was \$5,260,702. Instruction expenses comprised approximately 35.59 percent of District expenses in 2016.

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.

- Revenues exceeded enterprise expenditures by \$2,652.
- Charges for services represent 1.13 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 \$120,374.

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 \$4,934,565 with other financing sources of \$333,359 for a total

of \$5,268,718; expenditures were \$4,662,321. The net change in fund balance for the year was an increase of \$606,603.

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, 2016 and the amount and percentage of increases and decreases in relation to prior year revenues:

Summary of Governmental Fund Revenues				
	Year Ended June 30, 2016	Year Ended June 30, 2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
REVENUES				
Local sources:				
Local Tax Levy	\$ 2,737,431	\$ 2,430,356	\$ 307,075	12.6%
Tuition	2,192	7,883	(5,691)	-72.2%
Transportation	-	-	-	0.0%
Miscellaneous	39,336	96,699	(57,363)	-59.3%
Total - Local Sources	<u>2,778,959</u>	<u>2,534,938</u>	<u>244,021</u>	<u>9.6%</u>
Federal Sources	654,787	296,489	358,298	120.8%
State Sources	1,500,819	1,458,805	(42,014)	-2.9%
Total - Govt Sources	<u>2,155,606</u>	<u>1,755,294</u>	<u>316,284</u>	<u>14.7%</u>
Total Revenues	<u>\$ 4,934,565</u>	<u>\$ 4,290,232</u>	<u>\$ 644,333</u>	<u>15.0%</u>

Local Tax Levy increased by \$307,075. The increase is due to receiving a Community Disaster Loan from FEMA for \$266,255 in 2015, which directly offsets the local property tax. The District only received \$0 from that Program in 2016, 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, 2016 and the percentage of increases and decreases in relation to prior year amounts.

Summary of Governmental Fund Expenditures					
	Year Ended	Year Ended	Amount of	Percent	
	June 30, 2016	June 30, 2015	Increase/ (Decrease)	Increase/ (Decrease)	
Current:					
Regular Instruction	\$ 1,349,042	\$ 1,375,775	\$ (26,733)		-1.94%
Special Education Instruction	440,289	387,977	52,312		13.48%
Other Instruction	82,660	75,587	7,073		9.36%
Support Services and Undistributed Costs:					
Tuition	32,306	159,916	(127,610)		-79.80%
Student & Instruction Related Services	616,765	645,812	(29,047)		-4.50%
School Administrative Services	110,395	91,023	19,372		21.28%
General Administrative Services	92,028	89,677	2,351		2.62%
Central Services	36,104	38,113	(2,009)		-5.27%
Administrative Information Technology	37,416	55,995	(18,579)		-33.18%
Plant Operations and Maintenance	305,674	287,790	17,884		6.21%
Pupil Transportation	116,039	104,021	12,018		11.55%
Unallocated Benefits	1,308,635	1,163,537	145,098		12.47%
Special Schools	-	-	-		0.00%
Debt Service	-	-	-		0.00%
Capital Outlay	<u>133,968</u>	<u>346,920</u>	<u>(212,952)</u>		<u>-61.38%</u>
Total Expenditures	<u>\$ 4,661,321</u>	<u>\$ 4,822,143</u>	<u>\$ (160,822)</u>		<u>-3.34%</u>

Changes in expenditures were the results of varying factors. Other instruction increased mainly due to student population shifts in special education and bilingual education. School Administrative services increased mainly due to some reclassifications of expenses and contractual increases. 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.

Resource Room costs were less than budgeted due to some staff being reassigned to other areas of instruction. Summer School Instruction was less than expected due to a decrease in the scope of the summer program than what was originally anticipated. Tuition costs were less than anticipated due to a student being transferred to an in-district program coupled with one special education student moving out of district. Maintenance costs were higher than anticipated due to some unexpected maintenance work on HVAC equipment. Student transportation costs were higher than expected due to unanticipated homeless students requiring transportation to remain in the District.

Capital Assets

At the end of the fiscal year 2016, the School District had invested in land, buildings, furniture and equipment and vehicles. The following shows fiscal 2016 and 2015 balances:

Capital Assets		
Governmental Activities		
	<u>2016</u>	<u>2015</u>
Building & Bldg Improvements	\$ 4,655,497	\$ 4,655,497
Machinery and Equipment	797,751	781,106
Construction in Progress	9,500	-
Land	75,364	75,364
Total Capital Assets	<u>5,538,112</u>	<u>5,511,967</u>
Less: Accumulated Depreciation	<u>(2,124,869)</u>	<u>(1,925,570)</u>
Net Capital Assets	<u>\$ 3,413,243</u>	<u>\$ 3,586,397</u>

Overall capital assets decreased \$173,154 from fiscal year 2015 to fiscal year 2016. The decrease is due primarily to depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2016 and 2015, the School District had no outstanding debt.

At June 30, 2016, 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, 2016

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 324,916	\$ 7,628	\$ 332,544
Receivables, Net	691,043	7,128	698,171
Restricted Assets:			
Capital Reserve Account - Cash	452,089	-	452,089
Capital Assets, Net (Note 6)	<u>3,413,243</u>	-	<u>3,413,243</u>
 Total Assets	 <u>4,881,291</u>	 <u>14,756</u>	 <u>4,896,047</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>442,197</u>	-	<u>442,197</u>
 Total Deferred Outflow of Resources	 <u>442,197</u>	 -	 <u>442,197</u>
Total Assets and Deferred Outflow of Resources	<u>5,323,488</u>	<u>14,756</u>	<u>5,338,244</u>
 LIABILITIES			
Accounts Payable	48,491	-	48,491
Interfund Payable	-	12,067	12,067
Accrued Interest Payable	40,705	-	40,705
Unearned Revenue	5,170	-	5,170
Noncurrent Liabilities (Note 7):			
Due Within One Year	103,231	-	103,231
Due Beyond One Year	<u>3,113,837</u>	-	<u>3,113,837</u>
 Total Liabilities	 <u>3,311,434</u>	 <u>12,067</u>	 <u>3,323,501</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>91,533</u>	-	<u>91,533</u>
 Total Deferred Inflows of Resources	 <u>91,533</u>	 -	 <u>91,533</u>
Total Liabilities and Deferred Inflows of Resource	<u>3,402,967</u>	<u>12,067</u>	<u>3,415,034</u>
 NET POSITION			
Net Investment in Capital Assets	3,204,839	-	3,204,839
Restricted For:			
Other Purposes	411,384	-	411,384
Unrestricted	<u>(1,695,702)</u>	<u>2,689</u>	<u>(1,693,013)</u>
 Total Net Position	 <u>\$ 1,920,521</u>	 <u>\$ 2,689</u>	 <u>\$ 1,923,210</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, 2016**

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	\$ 1,349,042	\$ -	\$ 276,334	\$ (1,072,708)	\$ (1,072,708)
Special Education	440,289	-	-	(440,289)	(440,289)
Other Special Instruction	57,204	-	-	(57,204)	(57,204)
Vocational	-	-	-	-	-
Other Instruction	25,456	-	-	(25,456)	(25,456)
Support Services & Undistributed Costs:					
Tuition	32,306	-	-	(32,306)	(32,306)
Student & Instruction Related Services	616,765	-	27,150	(589,615)	(589,615)
School Administrative Services	110,395	-	-	(110,395)	(110,395)
Other Administrative Services	92,028	-	-	(92,028)	(92,028)
Central Services	36,104	-	-	(36,104)	(36,104)
Administrative Information Technology	37,416	-	-	(37,416)	(37,416)
Plant Operations & Maintenance	305,674	-	-	(305,674)	(305,674)
Pupil Transportation	116,039	-	11,471	(104,568)	(104,568)
Unallocated Employee Benefits	1,820,944	-	811,405	(1,009,539)	(1,009,539)
Special Schools	-	-	-	-	-
Interest & Other Charges on Long Term Debt	21,741	-	-	(21,741)	(21,741)
Unallocated Adjustment to Fixed Assets	-	-	-	-	-
Unallocated Depreciation	199,299	-	-	(199,299)	(199,299)
Total Governmental Activities	5,260,702	-	1,126,360	(4,134,342)	(4,134,342)
Business-Type Activities:					
Food Service	136,294	1,572	120,374	-	(14,348)
Total Business-Type Activities	136,294	1,572	120,374	-	(14,348)
Total Primary Government	5,396,996	1,572	1,246,734	(4,134,342)	(4,148,690)

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, 2016

	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	2,737,431	-	2,737,431
Tuition	2,192	-	2,192
Transfers to Other Funds	(17,000)	17,000	-
Federal and State Aid Not Restricted	1,466,553	-	1,466,553
Investment Earnings	150	-	150
Special Items:			
Community Development Block Grant	200,000	-	200,000
Cancellation of Prior Year Payables	34,464	-	34,464
Insurance Recovery Related to Impaired			
Capital Asset-Super Storm Sandy	115,895	-	115,895
Miscellaneous Income	39,186	-	39,186
Total General Revenues, Special Items, Extraordinary Items & Transfers	4,578,871	17,000	4,595,871
Change In Net Position	444,529	2,652	447,181
Net Position - Beginning	1,475,992	37	1,476,029
Net Position - Ending	1,920,521	2,689	1,923,210

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, 2016**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ 301,989	\$ 22,927	\$ -	\$ -	\$ 324,916
Due from Other Funds	62,535	-	-	-	62,535
Receivables from Other Governments	656,266	23,169	-	-	679,435
Restricted Cash & Cash Equivalents	452,089	-	-	-	452,089
Total Assets	<u>\$ 1,472,879</u>	<u>\$ 46,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,518,975</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 48,491	\$ -	\$ -	\$ -	\$ 48,491
Interfund Payable	459	50,468	-	-	50,927
Unearned Revenue	55	5,115	-	-	5,170
Total Liabilities	<u>49,005</u>	<u>55,583</u>	<u>-</u>	<u>-</u>	<u>104,588</u>
Fund Balances:					
Restricted for:					
Maintenance Reserve	56,716	-	-	-	56,716
Emergency Reserve	50,227	-	-	-	50,227
Capital Reserve Account	345,146	-	-	-	345,146
Excess Surplus	469,904	-	-	-	469,904
Assigned to:					
Designated for Subsequent Year's Expenditures	340,711	-	-	-	340,711
Committed to:					
Other Purposes	10,614	-	-	-	10,614
Unassigned, Reported in:					
General Fund	150,556	-	-	-	150,556
Special Revenue Fund	-	(9,487)	-	-	(9,487)
Total Fund Balances	<u>1,423,874</u>	<u>(9,487)</u>	<u>-</u>	<u>-</u>	<u>1,414,387</u>
Total Liabilities & Fund Balances	<u>\$ 1,472,879</u>	<u>\$ 46,096</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,538,112 and the accumulated depreciation is \$2,124,869.	3,413,243
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.	350,664
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.	(40,705)
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.	<u>(3,217,068)</u>
Net Position of Governmental Activities	<u>\$ 1,920,521</u>

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, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,737,431	\$ -	\$ -	\$ -	\$ 2,737,431
Tuition	2,192	-	-	-	2,192
Interest	150	-	-	-	150
Miscellaneous	38,337	849	-	-	39,186
Total Local Sources	<u>2,778,110</u>	<u>849</u>	<u>-</u>	<u>-</u>	<u>2,778,959</u>
State Sources	1,402,689	98,130	-	-	1,500,819
Federal Sources	450,000	204,787	-	-	654,787
Total Revenues	<u>4,630,799</u>	<u>303,766</u>	<u>-</u>	<u>-</u>	<u>4,934,565</u>
Expenditures:					
Current Expense:					
Regular Instruction	1,072,708	276,334	-	-	1,349,042
Special Education Instruction	440,289	-	-	-	440,289
Other Special Instruction	57,204	-	-	-	57,204
Other Instruction	25,456	-	-	-	25,456
Support Services:					
Tuition	32,306	-	-	-	32,306
Student & Instruction Related Services	589,615	27,150	-	-	616,765
School Administrative Services	110,395	-	-	-	110,395
General Administrative Services	92,028	-	-	-	92,028
Central Services	36,104	-	-	-	36,104
Administrative Information Technology	37,416	-	-	-	37,416
Plant Operations & Maintenance	305,674	-	-	-	305,674
Pupil Transportation	116,039	-	-	-	116,039
Employee Benefits	1,308,635	-	-	-	1,308,635
Capital Outlay	133,968	-	-	-	133,968
Total Expenditures	<u>4,357,837</u>	<u>303,484</u>	<u>-</u>	<u>-</u>	<u>4,661,321</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>272,962</u>	<u>282</u>	<u>-</u>	<u>-</u>	<u>273,244</u>
Other Financing Sources/(Uses):					
Community Development Block Grant	200,000	-	-	-	200,000
Insurance Recovery Related to Impaired Capital Asset-Super Storm Sandy	115,895	-	-	-	115,895
Cancellation of Prior Year Payables	34,464	-	-	-	34,464
Transfers Out	(17,000)	-	-	-	(17,000)
Total Other Financing Sources/(Uses)	<u>333,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,359</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing (Uses)	606,321	282	-	-	606,603
Fund Balances, July 1	<u>817,553</u>	<u>(9,769)</u>	<u>-</u>	<u>-</u>	<u>807,784</u>
Fund Balances, June 30	<u>\$ 1,423,874</u>	<u>\$ (9,487)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,414,387</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, 2016**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 606,603

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	(199,299)	
Capital Outlays	<u>26,145</u>	(173,154)

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 - 2016	66,794	
Unfunded TPAF Pension Expense	(437,307)	
State Share of Unfunded TPAF Pension Expense	437,307	
Pension Expense	<u>(145,300)</u>	(78,506)

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.

101,465

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	25,322	
Current Year	<u>(40,705)</u>	(15,383)

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	224,341	
Current Year	<u>(220,837)</u>	3,504

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	1,043,805	
Current Year	<u>(1,043,805)</u>	-

Change in Net Position of Governmental Activities \$ 444,529

Proprietary Funds

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**SEASIDE HEIGHTS BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	ENTERPRISE FUND	TOTALS
Current Assets:		
Cash & Cash Equivalents	\$ 7,628	\$ 7,628
Accounts Receivable	7,128	7,128
	<hr/>	<hr/>
Total Current Assets	14,756	14,756
	<hr/>	<hr/>
Total Assets	14,756	14,756
	<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	2,689	2,689
	<hr/>	<hr/>
Total Net Position	\$ 2,689	\$ 2,689
	<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, 2016**

	ENTERPRISE FUND	TOTALS
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 1,572	\$ 1,572
Total Operating Revenue	1,572	1,572
Operating Expenses:		
Salaries	16,622	16,622
Supplies and Materials	13,799	13,799
Cost of Sales	105,873	105,873
Total Operating Expenses	136,294	136,294
Operating (Loss)/Gain	(134,722)	(134,722)
Nonoperating Revenues:		
State Sources:		
State School Lunch Program	1,421	1,421
Federal Sources:		
School Breakfast Program	27,684	27,684
National School Lunch Program	77,857	77,857
National School Performance Based Program	1,566	1,566
Food Distribution Program	11,793	11,793
Miscellaneous	53	53
Total Nonoperating Revenues	120,374	120,374
Other Financing Sources Over/(Under)		
Transfers In	17,000	17,000
Total Other Financing Sources Over/(Under)	17,000	17,000
Change in Net Position	2,652	2,652
Total Net Position - Beginning	37	37
Total Net Position - Ending	<u>\$ 2,689</u>	<u>\$ 2,689</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, 2016**

	ENTERPRISE FUND	TOTALS
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 1,572	\$ 1,572
Payments to Employees	(16,622)	(16,622)
Payments to Suppliers	(107,879)	(107,879)
	<hr/>	<hr/>
Net Cash From Operating Activities	(122,929)	(122,929)
Cash Flows From Noncapital Financing Activities:		
State Sources	1,437	1,437
Federal Sources	108,312	108,312
Transfers (to)/from Other Funds	17,000	17,000
	<hr/>	<hr/>
Net Cash From Noncapital Financing Activities	126,749	126,749
Cash Flows From Investing Activities:		
Interest	53	53
	<hr/>	<hr/>
Net Cash From Investing Activities	53	53
Net Change in Cash & Cash Equivalents	3,873	3,873
Cash and Cash Equivalents, July 1	3,755	3,755
	<hr/>	<hr/>
Cash & Cash Equivalents, June 30	<u>\$ 7,628</u>	<u>\$ 7,628</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Cash From Operating Activities:		
Operating Loss	\$ (134,722)	\$ (134,722)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:		
Depreciation Expense	-	-
Food Distribution Program	11,793	11,793
Change in Assets & Liabilities:		
Increase in Accounts Receivable	-	-
Increase/(Decrease) in Interfund (Receivable)/Payable	-	-
Increase/(Decrease) in Accounts Payable	-	-
	<hr/>	<hr/>
Total Adjustments	11,793	11,793
Net Cash From Operating Activities	<u>\$ (122,929)</u>	<u>\$ (122,929)</u>

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

Fiduciary Fund

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**SEASIDE HEIGHTS BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUNDS	TOTALS
Cash & Cash Equivalents	\$ 25,645	\$ 97,853	\$ 123,498
Due from Other Funds	2,705	459	3,164
Total Assets	<u>28,350</u>	<u>98,312</u>	<u>126,662</u>
LIABILITIES			
Payroll Deductions & Withholdings	-	95,607	95,607
Interfunds Payable	-	2,705	2,705
Total Liabilities	<u>-</u>	<u>98,312</u>	<u>98,312</u>
NET POSITION			
Reserved: Unemployment Claims	<u>28,350</u>	-	28,350
Total Net Position	<u>\$ 28,350</u>	<u>\$ -</u>	<u>\$ 28,350</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, 2016**

ADDITIONS:	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	TOTALS
Contributions:		
Interest Earned	\$ 2	\$ 2
Contributions	27,705	27,705
Total Additions	27,707	27,707
DEDUCTIONS:		
Disbursements	1,000	1,000
Total Deductions	1,000	1,000
Change in Net Position	26,707	26,707
Net Position - July 1	1,643	1,643
Net Position - June 30	\$ 28,350	\$ 28,350

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, 2016

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**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.

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, 2016 of 210 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 and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

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

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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.

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.

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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.

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.

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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.

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.

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

Budgets/Budgetary Control

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

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 and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the 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.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

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 and Exhibit C-2, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

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.

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2016 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

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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.

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

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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.

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

- 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

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the

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

year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

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.

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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, 2016 through the date of November 04, 2016, 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 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

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 GUDPA. Under the Act, the first \$250,000.00 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 may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the

**SEASIDE HEIGHTS BOARD OF EDUCATION
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Note 2: Cash and Cash Equivalents (continued)

schedule below. As of June 30, 2016, the District's bank balance of \$1,005,790 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$	250,000
Collateralized by securities held by Pledging financial institution		655,971
Uninsured and uncollateralized		99,819
 Total	 \$	 <u><u>1,005,790</u></u>

Note 3: Accounts Receivable

Accounts receivable at June 30, 2016 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	\$ 656,266	\$ 23,169	\$ 7,128	\$ 686,563
Total	<u>\$ 656,266</u>	<u>\$ 23,169</u>	<u>\$ 7,128</u>	<u>\$ 686,563</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, 2015 to June 30, 2016 fiscal year is as follows:

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 4: Reserve Accounts (continued)

A. Capital Reserve Account (continued)

Beginning Balance, July 1, 2015	\$	351,045
Budgeted withdrawal		(105,999)
Interest Earnings		100
Transfer per June Resolution		100,000
Ending Balance, June 30, 2016	\$	345,146

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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	56,691
Transfer per June Resolution		-
Interest Earnings		25
Ending Balance, June 30, 2016	\$	56,716

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

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 4: Reserve Accounts

C. Emergency Reserve Account (continued)

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).

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	50,202
Interest Earnings		25
Ending Balance, June 30, 2016	\$	50,227

Note 5: Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2016 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 62,535	\$ 459
Special Revenue Fund	-	50,468
Food Service Fund	-	12,067
Fiduciary Funds	459	-
	\$ 62,994	\$ 62,994

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.

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 6: Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	June 30, 2015	Increases	Decreases	June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 75,364	\$ -	\$ -	\$ 75,364
Construction in Progress	-	9,500	-	9,500
Total capital assets not being depreciated	75,364	9,500	-	84,864
Capital Assets being depreciated:				
Buildings	4,655,497	-	-	4,655,497
Machinery & Equipment	781,106	16,645	-	797,751
Total capital assets being depreciated	5,436,603	16,645	-	5,453,248
Less: accumulated depreciation:				
Buildings	(1,588,401)	(118,164)	-	(1,706,565)
Machinery & Equipment	(337,169)	(81,135)	-	(418,304)
Total accumulated depreciation	(1,925,570)	(199,299)	-	(2,124,869)
Total capital assets being depreciated, net	3,511,033	(182,654)	-	3,328,379
Total Governmental Activities capital assets, net	\$ 3,586,397	\$ (173,154)	\$ -	\$ 3,413,243

Depreciation expense for the fiscal year ended June 30, 2016 amounted to \$199,299 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

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

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 224,341	\$ -	\$ (3,504)	\$ 220,837	\$ -
Capital Leases	309,868	-	(101,464)	208,404	103,231
FEMA Community Disaster Loan	1,043,805	-	-	1,043,805	-
Net Pension Liability	1,203,191	540,831	-	1,744,022	-
Total	\$ 2,781,205	\$ 540,831	\$ (104,968)	\$ 3,217,068	\$ 103,231

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 7: Long-Term Obligations (continued)

The District is obligated under certain leases accounted for as capital leases. Assets under capital leases total \$208,404. The following is a schedule of future minimum lease payments under capital leases as of June 30, 2016:

<u>Fiscal Y/E</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 103,231	\$ 3,616	\$ 106,847
2018	105,032	1,816	106,848
2019	141	1	142
	\$ 208,404	\$ 5,433	\$ 213,837

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, 2016 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

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 7: Long-Term Obligations (continued)

not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$220,837.

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, 2016 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/annrpts.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 1/55th 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 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

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

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

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.

<u>Year Funding</u>	<u>Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2016	\$ 66,794	100%	\$ 1,744,022
6/30/2015	\$ 52,978	100%	\$ 1,203,191
6/30/2014	\$ 52,052	100%	\$ 1,320,297

Components of Pension Liability - At June 30, 2016, the District reported a liability of \$1,744,022 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. 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 July 1, 2014, to the measurement date of June 30, 2015. 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, 2015. The District's proportion measured as of June 30, 2015, was 0.00777% percent, which was an increase of 0.00134% from its proportion measured as of June 30, 2014.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued):

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

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarial valuation date (including roll forward)	June 30, 2015	June 30, 2014
Deferred Outflows of Resources	\$ 442,197	\$ 90,813
Deferred Inflows of Resources	\$ 91,533	\$ 149,496
Net Pension Liability	\$ 1,744,022	\$ 1,203,191
 District's portion of the Plan's total net pension Liability	 0.00777%	 0.00643%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$145,300. At June 30, 2016, 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>
Changes of assumptions	\$ 187,294	\$ -
Net difference between expected and actual experience	41,606	-
Net difference between projected and actual earnings on pension plan investments	-	28,041
Changes in proportion and differences between District contributions and proportionate share of contributions	213,297	63,492
Total	<u>\$ 442,197</u>	<u>\$ 91,533</u>

The \$442,197 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:

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NOTES TO THE FINANCIAL STATEMENTS
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Note 8: Pension Obligations (continued):

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

<u>Year Ended June 30:</u>	<u>PERS</u>
2017	\$ 68,249
2018	68,249
2019	68,249
2020	86,175
2021	59,742
Thereafter	-

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:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
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 and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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Note 8: Pension Obligations (continued):

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined 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 as of June 30, 2015, 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 (3.90) or 1-percentage-point higher (5.90%) than the current rate:

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued):

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

	<u>1%</u> <u>Decrease</u> <u>(3.90%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (4.90%)</u>	<u>1%</u> <u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 2,167,606	\$ 1,744,022	\$ 1,388,893

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/annrpts.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 1/55th 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 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.

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

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued):

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

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 2015, 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 Pension & Post-Retirement Medical Contributions
(Paid on behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension/Medical</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$ 246,019	100%	\$ -
6/30/2015	199,225	100%	-
6/30/2014	159,473	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, 2016**

Note 8: Pension Obligations (continued):

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

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
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, 2014 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 (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' 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 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, 2016**

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, 2016, 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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:

Fiscal Year	District Contribution	Interest Earned	Amount Reimbursed	Ending Balance
2015-2016	\$ 27,705	\$ 2	\$ 1,000	\$ 28,350
2014-2015	3,174	5	11,854	1,643
2013-2014	4,719	3	487	10,318

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, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 11: Contingent Liabilities (continued)

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 \$(1,695,702) existed as of June 30, 2016 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 \$1,423,874 General Fund fund balance at June 30, 2016, \$345,146 has been restricted for the capital reserve account; \$56,716 has been restricted for the maintenance reserve account; \$50,2227 been restricted for the emergency reserve account; \$340,711 has been assigned for designated for subsequent year's expenditures; \$469,904 has been restricted for the excess surplus; \$10,614 has been committed and \$150,556 is unassigned.

Special Revenue Fund – All of the \$(9,487) Special Revenue Fund fund balance at June 30, 2016, is unassigned.

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

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. 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 has excess fund balance of \$469,904 at June 30, 2016. This represents a \$469,904 increase from prior year.

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, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 2,737,431	\$ -	\$ 2,737,431	\$ 2,737,431	\$ -
Tuition	10-1300	5,000	-	5,000	2,192	(2,808)
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	38,337	36,337
Total Local Sources		2,744,581	-	2,744,581	2,778,110	33,529
State Sources:						
School Choice Aid	10-3116	139,930	-	139,930	139,930	-
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	480,124	-	480,124	480,124	-
PARCC Readiness Aid	10-3190	1,950	-	1,950	1,950	-
Per Pupil Growth Aid	10-3190	1,950	-	1,950	1,950	-
Reimbursed TPAF Social Security Contributions		-	-	-	128,079	128,079
On-Behalf TPAF Pension Contributions		-	-	-	106,972	106,972
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	133,718	133,718
On-Behalf TPAF Pension Contributions -NCGI		-	-	-	5,329	5,329
Total State Sources		1,025,637	-	1,025,637	1,399,735	374,098
Federal Sources:						
FEMA Reimbursement		-	-	-	450,000	450,000
Total Federal Sources		-	-	-	450,000	450,000
Total Revenues		3,770,218	-	3,770,218	4,627,845	857,627
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	148,908	(50,000)	98,908	96,408	2,500
Grades 1 - 5	11-120-100-101	739,254	80,000	819,254	809,415	9,839
Grades 6 - 8	11-130-100-101	82,504	(2,000)	80,504	71,071	9,433
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	10,000	(10,000)	-	-	-
Purchased Professional Services	11-150-100-320	5,500	(5,000)	500	195	305
Regular Programs - Undistributed:						
Other Salaries for Instruction	11-190-100-106	-	30,572	30,572	30,571	1
Purchased Professional-Educational Services	11-190-100-320	1,000	5,900	6,900	6,900	-
Other Purchased Services	11-190-100-500	4,000	3,500	7,500	6,994	506
General Supplies	11-190-100-610	35,000	27,128	62,128	51,154	10,974
Textbooks	11-190-100-640	10,000	(9,628)	372	-	372
Total Regular Programs		1,036,166	70,472	1,106,638	1,072,708	33,930
Special Education:						
Learning and/or Language Disabilities::						
Salaries of Teachers	11-204-100-101	186,312	-	186,312	183,305	3,007
Other Salaries for Instruction	11-204-100-106	99,684	-	99,684	99,684	-
General Supplies	11-204-100-610	2,000	(2,000)	-	-	-
Total Learning and/or Language Disabilities:		287,996	(2,000)	285,996	282,989	3,007
Resource Room:						
Salaries of Teachers	11-213-100-101	175,968	(18,000)	157,968	157,300	668
Total Resource Room		175,968	(18,000)	157,968	157,300	668

**SEASIDE HEIGHTS BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Total Special Education		463,964	(20,000)	443,964	440,289	3,675
Bilingual Education:						
Salaries of Teachers	11-240-100-101	59,204	-	59,204	57,204	2,000
General Supplies	11-240-100-610	1,000	-	1,000	-	1,000
Total Bilingual Education		60,204	-	60,204	57,204	3,000
Summer School - Instruction:						
Salaries	11-422-100-101	40,000	(16,997)	23,003	23,003	-
Purchased Services	11-422-100-300	20,000	(17,503)	2,497	2,453	44
Total Summer School - Instruction:		60,000	(34,500)	25,500	25,456	44
Total Instruction		1,620,334	15,972	1,636,306	1,595,657	40,649
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEA's - State Special	11-000-100-562	100,000	(87,076)	12,924	-	12,924
Tuition to Private Schools - Disabled Within State	11-000-100-566	100,000	(75,100)	24,900	-	24,900
Tuition to State Facilities	11-000-100-568	32,306	-	32,306	32,306	-
Total Undistributed Expenditures - Instruction		232,306	(162,176)	70,130	32,306	37,824
Attendance & Social Work Services:						
Salaries	11-000-211-100	48,330	2,695	51,025	51,024	1
Supplies and Materials	11-000-211-600	-	-	-	-	-
Total Attendance & Social Work Services		48,330	2,695	51,025	51,024	1
Health Services:						
Salaries	11-000-213-100	78,004	(2,050)	75,954	73,154	2,800
Other Purchased Services	11-000-213-500	-	1,000	1,000	1,000	-
Supplies and Materials	11-000-213-600	2,500	1,000	3,500	2,525	975
Total Health Services		80,504	(50)	80,454	76,679	3,775
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	57,134	(24,000)	33,134	32,445	689
Purchased Professional - Educational Services	11-000-216-320	45,000	(1,000)	44,000	28,853	15,147
Supplies and Materials	11-000-216-600	2,000	(1,000)	1,000	767	233
Total Other Support Services - Students - Related Services		104,134	(26,000)	78,134	62,065	16,069
Other Support Services - Students - Extraordinary Services:						
Salaries	11-000-217-100	27,871	59,700	87,571	87,568	3
Total Other Support Services - Students - Extraordinary Services		27,871	59,700	87,571	87,568	3
Other Support Services - Guidance:						
Purchased Professional Services	11-000-218-320	30,000	14,600	44,600	40,050	4,550
Total Other Support Services - Guidance		30,000	14,600	44,600	40,050	4,550
Other Support Services - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	96,884	11,319	108,203	108,202	1
Salaries of Secretarial & Clerical Assistants	11-000-219-105	40,500	-	40,500	40,358	142
Purchased Professional & Educational Services	11-000-219-320	20,000	10,400	30,400	30,392	8
Supplies & Materials	11-000-219-600	3,000	151	3,151	3,107	44

**SEASIDE HEIGHTS BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Total Other Support Services - Child Study Teams		160,384	21,870	182,254	182,059	195
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Professional Services	11-000-221-320	25,000	7,000	32,000	30,140	1,860
Total Improvement of Instruction Services/Other Support Services Instructional Staff		25,000	7,000	32,000	30,140	1,860
Educational Media Services/School Library:						
Salaries	11-000-222-100	79,571	(24,998)	54,573	51,180	3,393
Purchased Prof & Tech Services	11-000-222-300	4,000	(3,285)	715	-	715
Supplies and Materials	11-000-222-600	4,000	4,245	8,245	8,025	220
Total Educational Media Services/School Library		87,571	(24,038)	63,533	59,205	4,328
Support Services Instructional Staff Training Service:						
Purchased Prof - Ed Services	11-000-223-320	1,000	240	1,240	825	415
Total Support Services Instructional Staff Training Services		1,000	240	1,240	825	415
Support Services General Administration:						
Salaries	11-000-230-100	17,600	-	17,600	10,600	7,000
Legal Services	11-000-230-331	1,000	10,000	11,000	6,470	4,530
Audit Services	11-000-230-332	15,000	363	15,363	15,363	-
Other Purchased Professional Services	11-000-230-339	18,000	(363)	17,637	17,151	486
Other Purchased Services	11-000-230-440	7,000	-	7,000	6,382	618
Communications/Telephone	11-000-230-530	11,400	15,000	26,400	25,351	1,049
Other Purchased Services	11-000-230-590	5,000	(5,000)	-	-	-
General Supplies	11-000-230-610	9,000	(6,000)	3,000	930	2,070
Judgements Against District	11-000-230-820	14,000	(14,000)	-	-	-
Miscellaneous Expenditures	11-000-230-890	13,000	-	13,000	9,781	3,219
Total Support Services General Administration		111,000	-	111,000	92,028	18,972
Support Services School Administration:						
Salaries of Principals/Assistant Principals	11-000-240-103	90,000	7,089	97,089	97,089	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	16,810	-	16,810	12,168	4,642
Supplies & Materials	11-000-240-600	2,000	200	2,200	1,138	1,062
Total Support Services School Administration		108,810	7,289	116,099	110,395	5,704
Central Services:						
Salaries	11-000-251-100	21,525	(9,800)	11,725	10,629	1,096
Miscellaneous Purchased Services	11-000-251-592	25,000	-	25,000	25,000	-
Supplies & Materials	11-000-251-600	2,500	(2,308)	192	-	192
Miscellaneous	11-000-251-890	-	475	475	475	-
Total Central Services		49,025	(11,633)	37,392	36,104	1,288
Administrative Information Technology:						
Salaries	11-000-252-100	15,000	-	15,000	9,723	5,277
Purchased Technical Services	11-000-252-340	17,000	8,094	25,094	25,094	-
Supplies & Materials	11-000-252-600	7,500	(4,500)	3,000	2,599	401

**SEASIDE HEIGHTS BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Total Administrative Information Technology		39,500	3,594	43,094	37,416	5,678
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	23,063	16,202	39,265	39,264	1
Cleaning, Repair & Maintenance Services	11-000-261-420	21,000	24,000	45,000	42,691	2,309
General Supplies	11-000-261-610	3,000	10,725	13,725	13,724	1
Total Required Maintenance for School Facilities		47,063	50,927	97,990	95,679	2,311
Custodial Services:						
Salaries	11-000-262-100	66,063	7,400	73,463	70,344	3,119
Salaries of Non-Instructional Aids	11-000-262-107	12,000	-	12,000	5,731	6,269
Cleaning, Repair & Maintenance Services	11-000-262-420	12,000	(6,000)	6,000	5,313	687
Insurance	11-000-262-520	36,000	1,961	37,961	37,961	-
General Supplies	11-000-262-610	15,000	(10,400)	4,600	1,260	3,340
Energy (Heat & Electricity)	11-000-262-622	52,000	15,000	67,000	66,322	678
Total Custodial Services		193,063	7,961	201,024	186,931	14,093
Care & Upkeep of Grounds						
Purchased Professional and Tech. Services	11-000-263-300	10,000	(4,000)	6,000	204	5,796
Total Care & Upkeep of Grounds		10,000	(4,000)	6,000	204	5,796
Security						
Purchased Professional & Technical Services	11-000-266-300	25,000	-	25,000	22,860	2,140
Total Security		25,000	-	25,000	22,860	2,140
Student Transportation Services:						
Salaries	11-000-270-161	21,525	1,733	23,258	23,258	-
Purchased Services	11-000-270-390	1,500	-	1,500	627	873
Aid in Lieu - Non Public	11-000-270-503	984	4,000	4,984	4,064	920
Contracted Services (Between Home & School) - Vendors	11-000-270-511	20,000	21,700	41,700	41,667	33
Contracted Services (Special Education) Joint agreements	11-000-270-515	37,000	12,400	49,400	46,423	2,977
Total Student Transportation Services		81,009	39,833	120,842	116,039	4,803
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	80,000	(4,000)	76,000	85,688	(9,688)
Other Retirement Contributions - Regular	11-000-291-241	60,000	6,794	66,794	66,794	-
Other Retirement Contributions	11-000-291-242	6,000	(1,000)	5,000	3,677	1,323
Other Retirement Contributions	11-000-291-249	2,000	1,800	3,800	3,726	74
Unemployment Benefits	11-000-291-250	5,000	25,000	30,000	29,965	35
Workman's Compensation	11-000-291-260	35,000	(4,033)	30,967	26,457	4,510
Health Benefits	11-000-291-270	769,340	(81,376)	687,964	663,329	24,635
Tuition Reimbursement	11-000-291-280	5,000	5,380	10,380	10,380	-
Other Employee Benefits	11-000-291-290	24,000	20,900	44,900	44,521	379
Total Unallocated Benefits - Employee Benefits		986,340	(30,535)	955,805	934,537	21,268
Nonbudgeted:						
Reimbursed TPAF Social Security Contributions		-	-	-	128,079	(128,079)
On-Behalf TPAF Pension Contributions		-	-	-	106,972	(106,972)
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	133,718	(133,718)
On-Behalf TPAF Pension Contributions -NCGI		-	-	-	5,329	(5,329)
Total Nonbudgeted		-	-	-	374,098	(374,098)
Total Undistributed Expenditures		2,447,910	(42,723)	2,405,187	2,628,212	(223,025)

**SEASIDE HEIGHTS BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Total Expenditures - Current Expense		4,068,244	(26,751)	4,041,493	4,223,869	(182,376)
Capital Outlay:						
Interest Earned on Maintenance Reserve	10-606	25	-	25	-	25
Interest Transfer to Emergency Reserve	10-607	25	-	25	-	25
Interest Deposit to Capital Reserve	10-604	100	-	100	-	100
Equipment:						
Grades 1 - 5	12-120-100-730	-	5,462	5,462	5,462	-
Information Technology	12-000-252-730	-	15,060	15,060	11,183	3,877
Custodial	12-120-100-730	-	9,500	9,500	9,500	-
Total Equipment		150	30,022	30,172	26,145	4,027
Facilities Acquisition & Construction Services:						
Assessment for Debt Service on SDA funding	12-000-400-896	1,824	-	1,824	1,824	-
Lease Purchase	12-000-400-721	105,999	-	105,999	105,999	-
Total Facilities Acquisition & Construction Services		107,823	-	107,823	107,823	-
Total Capital Outlay		107,973	30,022	137,995	133,968	4,027
Total Expenditures		4,176,217	3,271	4,179,488	4,357,837	(178,349)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(405,999)	(3,271)	(409,270)	270,008	679,278
Other Financing Sources/(Uses):						
Community Disaster Loan (FEMA)		(200,000)	19,280	(180,720)	-	180,720
Community Development Block Grant		200,000	-	200,000	200,000	-
Insurance Recovery Related to Impaired Capital Asset-Super Storm Sandy		-	-	-	115,895	115,895
Cancellation of Prior Year Payables		-	-	-	34,464	34,464
Transfer to Food Service Fund		-	(17,000)	(17,000)	(17,000)	-
Total Other Financing Sources/(Uses)		-	2,280	2,280	333,359	331,079
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Other Financing Sources/(Uses)		(405,999)	(991)	(406,990)	603,367	1,010,357
Fund Balances, July 1		919,951	-	919,951	919,951	-
Fund Balances, June 30		\$ 513,952	\$ (991)	\$ 512,961	\$ 1,523,318	\$ 1,010,357

RECAPITULATION OF TRANSFERS:

Rollover Encumbrances from Prior Year	<u>991</u>
Total Transfers	<u>\$ 991</u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Capital Reserve Account	\$ 189,147
Capital Reserve Account - Designated for Subsequent Years Expenditures	155,999
Maintenance Reserve Account	56,716
Emergency Reserve	50,227
Excess Surplus	469,904
Committed Fund Balance:	
Year-end Encumbrances	10,614
Assigned Fund Balance:	
Designated for Subsequent Years Expenditures	340,711
Unassigned Fund Balance	<u>250,000</u>
Subtotal	1,523,318
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(99,444)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 1,423,874</u>

**SEASIDE HEIGHTS BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Federal Sources	\$ 262,558	\$ 63,379	\$ 325,937	\$ 204,466	\$ (121,471)
State Sources	97,848	-	97,848	97,848	-
Other Sources	-	-	-	849	(849)
Total Revenues	360,406	63,379	423,785	303,163	(122,320)
Expenditures:					
Instruction:					
Salaries of Teachers	167,448	37,883	205,331	167,383	37,948
Other Salaries for Instruction	24,921	-	24,921	24,921	-
Purchased Professional Technical Services	14,194	(14,194)	-	-	-
Tuition	67,919	17,249	85,168	73,659	11,509
General Supplies	73,857	(15,474)	58,383	10,371	48,012
Total Instruction	348,339	25,464	373,803	276,334	97,469
Support Services:					
Personal Services - Employee Benefits	-	31,887	31,887	24,421	7,466
Purchased Professional - Tech Services	12,067	6,028	18,095	1,559	16,536
Personal Services - Ed Supplies	-	-	-	-	-
Other Professional Services Supplies and Materials	-	-	-	849	-
Total Support Services	12,067	37,915	49,982	26,829	24,002
Facilities Acquisition & Construction:					
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition & Construction	-	-	-	-	-
Total Expenditures	360,406	63,379	423,785	303,163	121,471
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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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, 2016**

**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)	\$ 4,627,845	\$ 303,163
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	-	368
Current Year	-	(47)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	102,398	9,769
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(99,444)	(9,487)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 4,630,799	\$ 303,766
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,357,837	\$ 303,163
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	-	368
Current Year	-	(47)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 4,357,837	\$ 303,484

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00777%	0.00643%	0.00691%
District's proportionate share of the net pension liability (asset)	\$ 1,744,022	\$ 1,203,191	\$ 1,320,297
District's covered-employee payroll	\$ 471,277	\$ 457,446	\$ 519,008
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	370.06%	263.02%	254.39%
Plan fiduciary net position as a percentage of the total pension liability	47.92%	52.08%	48.72%

**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**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 66,794	\$ 52,978	\$ 52,052
Contributions in relation to the contractually required contribution	<u>66,794</u>	<u>52,978</u>	<u>52,052</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 471,277	\$ 457,446	\$ 519,008
Contributions as a percentage of covered- employee payroll	14.17%	11.58%	10.03%

**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**

	<u>2016</u>		<u>2015</u>		<u>2014</u>
District's proportion of the net pension liability (asset)	0.01424%		0.01428%		0.01397%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 9,001,264	\$	7,632,847	\$	7,062,221
District's covered-employee payroll	\$ 1,696,488	\$	1,627,986	\$	1,423,982
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%		0.00%		0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%		33.64%		33.76%

**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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

Teachers Pension and Annuity Fund (TPAF)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. 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.

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)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. 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.

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 males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NO CHILD LEFT BEHIND		PRESCHOOL EDUCATION AID	I.D.E.A.	
	TITLE I	TITLE II PART A		PART B FY 2016	PRESCHOOL FY 2016
Revenues:					
Federal Sources	\$ 103,353	\$ 19,865	\$ -	\$ 73,659	\$ 1,031
State Sources	-	-	97,848	-	-
Local Sources	-	-	-	-	-
Total Revenues	\$ 103,353	\$ 19,865	\$ 97,848	\$ 73,659	\$ 1,031
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 81,884	\$ 15,759	\$ 69,740	\$ -	\$ -
Other Salaries for Instruction	-	-	24,921	-	-
Tuition	-	-	-	73,659	-
General Supplies	2,782	-	-	-	1,031
Total Instruction	84,666	15,759	94,661	73,659	1,031
Support Services:					
Salaries of Other Professional Staff	-	-	-	-	-
Personal Services - Employee Benefits	17,137	4,097	3,187	-	-
Purchased Professional - Tech Services	1,550	9	-	-	-
Total Support Services	18,687	4,106	3,187	-	-
Facilities Acquisition & Construction:					
Instructional Equipment	-	-	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition & Construction	-	-	-	-	-
Total Expenditures	\$ 103,353	\$ 19,865	\$ 97,848	\$ 73,659	\$ 1,031

**SEASIDE HEIGHTS BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	INSURANCE GRANT	NLCB TITLE III	LOCAL GRANT	TOTAL
Revenues:				
Federal Sources	\$ -	\$ 6,558	\$ -	\$ 204,466
State Sources	-		-	97,848
Local Sources	849		-	849
	<hr/>			
Total Revenues	\$ 849	\$ 6,558	\$ -	\$ 303,163
	<hr/>			
Expenditures:				
Instruction:				
Salaries of Teachers	\$ -	\$ -	\$ -	\$ 167,383
Other Salaries for Instruction	-	-	-	24,921
Tuition	-	-	-	73,659
General Supplies	-	6,558	-	10,371
	<hr/>			
Total Instruction	-	6,558	-	276,334
	<hr/>			
Support Services:				
Salaries of Other Professional Staff	-	-	-	-
Personal Services - Employee Benefits	-	-	-	24,421
Purchased Professional - Tech Services	-	-	-	1,559
Supplies	-	-	-	-
Other Professional Services	-	-	-	-
Supplies and Materials	849	-	-	849
	<hr/>			
Total Support Services	849	-	-	26,829
	<hr/>			
Facilities Acquisition & Construction:				
Instructional Equipment	-	-	-	-
Non-Instructional Equipment	-	-	-	-
	<hr/>			
Total Facilities Acquisition & Construction	-	-	-	-
	<hr/>			
Total Expenditures	\$ 849	\$ 6,558	\$ -	\$ 303,163
	<hr/>			

**SEASIDE HEIGHTS BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 72,927	\$ 69,740	\$ 3,187
Other Salaries of Instruction	24,921	24,921	-
Total Instruction	<u>97,848</u>	<u>94,661</u>	<u>3,187</u>
Support Services:			
Employee Benefits	-	3,187	(3,187)
Total Support Services	<u>-</u>	<u>3,187</u>	<u>(3,187)</u>
Total Expenditures	<u>\$ 97,848</u>	<u>\$ 97,848</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2015-2016 Preschool Education Aid Allocation	\$ 97,848
Add: Actual Preschool Education Aid Carryover (June 30, 2015)	-
Add: Additional Preschool Education Aid	<u>-</u>
Total Preschool Education Aid Funds Available for 2015-2016 Budget	97,848
Less: 2015-2016 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(97,848)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	-
Add: JUNE 30, 2016 Unexpended Preschool Education Aid Funds	<u>-</u>
2015-2016 Carryover - Preschool Education Aid Funds	<u>-</u>
2015-2016 Preschool Education Aid Funds Carryover Budgeted in 2016-2017	<u>\$ -</u>

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, 2016**

ASSETS	FOOD SERVICE FUND	TOTAL
Current Assets:		
Cash & Cash Equivalents	\$ 7,628	\$ 7,628
Receivable:		
Federal	7,028	7,028
State	100	100
	<hr/>	<hr/>
Total Current Assets	14,756	14,756
	<hr/>	<hr/>
Total Assets	14,756	14,756
	<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	2,689	2,689
	<hr/>	<hr/>
Total Net Position	\$ 2,689	\$ 2,689
	<hr/> <hr/>	<hr/> <hr/>

**SEASIDE HEIGHTS BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2016**

	FOOD SERVICE FUND	TOTAL
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 1,572	\$ 1,572
Total Operating Revenue	<u>1,572</u>	<u>1,572</u>
Operating Expenses:		
Salaries	16,622	16,622
Supplies and Materials	13,799	13,799
Cost of Sales	<u>105,873</u>	<u>105,873</u>
Total Operating Expenses	<u>136,294</u>	<u>136,294</u>
Operating/(Loss)/Gain	<u>(134,722)</u>	<u>(134,722)</u>
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Lunch Program	1,421	1,421
Federal Sources:		
School Breakfast Program	27,684	27,684
National School Lunch Program	77,857	77,857
National School Performance Based Program	1,566	1,566
Food Distribution Program	11,793	11,793
Miscellaneous	<u>53</u>	<u>53</u>
Total Nonoperating Revenues/(Expenses)	<u>120,374</u>	<u>120,374</u>
Other Financing Sources Over/(Under)		
Transfers In	<u>17,000</u>	<u>17,000</u>
Total Other Financing Sources Over/(Under)	<u>17,000</u>	<u>17,000</u>
Net (Loss)/Income	2,652	2,652
Total Net Position - Beginning	<u>37</u>	<u>37</u>
Total Net Position - Ending	<u>\$ 2,689</u>	<u>\$ 2,689</u>

**SEASIDE HEIGHTS BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2016**

	FOOD SERVICE FUND	TOTAL
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 1,572	\$ 1,572
Payments to Employees	(16,622)	(16,622)
Payments to Suppliers	(107,879)	(107,879)
	<hr/>	<hr/>
Net Cash From Operating Activities	(122,929)	(122,929)
Cash Flows From Noncapital Financing Activities:		
State Sources	1,437	1,437
Federal Sources	108,312	108,312
Transfers from Other Funds	17,000	17,000
	<hr/>	<hr/>
Net Cash From Noncapital Financing Activities	126,749	126,749
Cash Flows From Investing Activities:		
Interest	53	53
	<hr/>	<hr/>
Net Cash From Investing Activities	53	53
Net Change in Cash & Cash Equivalents	3,873	3,873
Cash and Cash Equivalents, July 1	3,755	3,755
	<hr/>	<hr/>
Cash & Cash Equivalents, June 30	\$ 7,628	\$ 7,628
	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

Cash From Operating Activities:		
Operating Loss	\$ (134,722)	\$ (134,722)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:		
Depreciation Expense	-	-
Food Distribution Program	11,793	11,793
Change in Assets & Liabilities:		
Increase in Accounts Receivable	-	-
Increase/(Decrease) in Interfund (Receivable)/Payable	-	-
Increase/(Decrease) in Accounts Payable	-	-
	<hr/>	<hr/>
Total Adjustments	11,793	11,793
	<hr/>	<hr/>
Net Cash From Operating Activities	\$ (122,929)	\$ (122,929)
	<hr/> <hr/>	<hr/> <hr/>

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, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST		STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 25,645	\$ -	\$ 97,853	\$	123,498
Due from Other Funds	2,705	-	459		3,164
Total Assets	<u>28,350</u>	<u>-</u>	<u>98,312</u>		<u>126,662</u>
LIABILITIES					
Payroll Deductions & Withholdings	-	-	95,607		95,607
Interfunds Payable	-	-	2,705		2,705
Total Liabilities	<u>-</u>	<u>-</u>	<u>98,312</u>		<u>98,312</u>
NET POSITION					
Reserved:					
Unemployment Benefits	<u>28,350</u>	<u>-</u>	<u>-</u>		<u>28,350</u>
Total Net Position	<u>\$ 28,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>28,350</u>

**SEASIDE HEIGHTS BOARD OF EDUCATION
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>PRIVATE PURPOSE</u>		TOTAL
	<u>UNEMPLOYMENT COMPENSATION TRUST</u>		
ADDITIONS:			
Interest Earned	\$ 2	\$ 2	
Contributions	27,705	27,705	
Total Additions	<u>27,707</u>	<u>27,707</u>	
DEDUCTIONS:			
Disbursements	<u>1,000</u>	<u>1,000</u>	
Total Deductions	<u>1,000</u>	<u>1,000</u>	
Change in Net Position	26,707	26,707	
Net Position - Beginning of Year	<u>1,643</u>	<u>1,643</u>	
Net Position - End of Year	<u>\$ 28,350</u>	<u>\$ 28,350</u>	

**SEASIDE HEIGHTS BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BALANCE JULY 1, 2015	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2016
School Activity Fund	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 126,503	\$ 2,983,448	\$ 3,012,098	\$ 97,853
Due from Other Funds	-	459	-	459
Total Assets	<u>\$ 126,503</u>	<u>\$ 2,983,907</u>	<u>\$ 3,012,098</u>	<u>\$ 98,312</u>
LIABILITIES				
Net Payroll Deductions & Withholdings	\$ 126,303	\$ 2,984,107	\$ 3,014,803	\$ 95,607
Due to Other Funds	200	2,705	200	2,705
Total Liabilities	<u>\$ 126,503</u>	<u>\$ 2,986,812</u>	<u>\$ 3,015,003</u>	<u>\$ 98,312</u>

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, 2016**

SERIES	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2015	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2016
Roof Project	1.70%	\$ 504,000	\$ 307,482	\$ -	\$ 100,771	\$ 206,711
Copiers-FY14	Variable	3,183	2,387	-	694	1,693
Total			<u>\$ 309,869</u>	<u>\$ -</u>	<u>\$ 101,465</u>	<u>\$ 208,404</u>

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 3,204,839	\$ 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
Restricted for:										
Debt Service	-	-	-	(9,489)	(4,815)	(6,505)	(8,523)	(10,477)	(11,244)	(11,316)
Other Purposes	411,384	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
Unrestricted	(1,695,702)	(2,233,152)	(716,945)	(89,915)	(104,259)	(51,833)	(254,539)	(330,808)	(40,441)	1,004
Total Governmental Activities	\$ 1,920,521	\$ 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
Business-Type Activities:										
Unrestricted	2,689	37	251	14,799	590	590	22,911	3,501	31,343	28,934
Total Business-Type Activities	\$ 2,689	\$ 37	\$ 251	\$ 14,799	\$ 590	\$ 590	\$ 22,911	\$ 3,501	\$ 31,343	\$ 28,934
District-Wide:										
Invested in Capital Assets,										
Net of Related Debt	\$ 3,204,839	\$ 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
Restricted:										
Debt Service	-	-	-	(9,489)	(4,815)	(6,505)	(8,523)	(10,477)	(11,244)	(11,316)
Other Purposes	411,384	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
Unrestricted	(1,693,013)	(2,233,115)	(716,694)	(75,116)	(103,669)	(51,243)	(231,628)	(327,307)	(9,098)	29,938
Total District Net Position	\$ 1,923,210	\$ 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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 1,349,042	\$ 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
Special Education	440,289	332,050	338,961	303,797	347,883	279,473	267,009	259,138	210,827	272,253
Other Special Education	57,204	55,927	90,140	60,346	50,931	73,670	69,540	65,319	28,412	17,007
Other Instruction	25,456	75,587	-	-	-	-	-	-	-	-
Support Services & Undistributed Costs:										
Tuition	32,306	159,916	132,077	129,859	200,375	122,601	178,553	160,769	92,343	122,358
Attendance and Social Work Services	-	-	-	-	30,472	30,303	31,421	42,738	41,825	38,610
Health Services	-	-	-	-	67,751	70,992	62,387	62,523	59,555	50,548
Student & Instruction Related Services	616,765	645,812	599,132	523,056	475,331	446,863	450,866	400,874	316,963	366,123
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
Instructional Staff Training	-	-	-	-	665	851	166	2,911	166	2,199
School Administrative Services	110,395	91,023	125,158	121,243	37,896	37,984	53,313	36,086	36,014	32,580
General Administrative Services	92,028	89,677	129,445	130,595	142,200	149,649	147,954	183,019	191,379	209,682
Central Services	36,104	38,113	33,914	25,211	41,772	34,979	41,089	42,417	39,420	42,591
Administrative Information Technology	37,416	55,995	29,718	28,418	25,266	21,025	20,201	41,499	41,461	32,823
Plant Operations & Maintenance	305,674	287,790	1,199,796	601,634	232,651	253,420	247,517	227,244	252,663	230,864
Pupil Transportation	116,039	104,021	62,423	38,252	56,798	41,057	58,370	48,528	31,878	92,345
Business & Other Support Services	-	-	-	-	-	-	-	-	-	-
Unallocated Benefits	1,820,944	1,546,013	1,052,905	1,173,004	1,105,323	972,283	985,038	873,727	879,134	795,737
Interest on Long-Term Debt	21,741	22,517	14,099	11,941	10,222	14,377	18,778	24,159	27,320	29,849
Reduction of Capital Leases	-	-	-	-	-	-	-	-	-	-
Unallocated Compensated Absences	-	(85,806)	-	-	(44,383)	(21,323)	25,731	6,893	119,219	(8,982)
Unallocated Adjustment to Fixed Assets	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	199,299	196,340	171,074	55,940	64,020	64,020	65,289	76,235	87,402	175,119
Total Governmental Activities Expenses	5,260,702	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
Business-Type Activities:										
Food Service	136,294	145,964	129,386	103,784	148,012	125,257	104,567	149,886	111,608	116,915
Total Business-Type Activities Expense	136,294	145,964	129,386	103,784	148,012	125,257	104,567	149,886	111,608	116,915
Total District Expenses	\$ 5,396,996	\$ 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
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 1,126,360	\$ 1,059,347	\$ 719,951	\$ 759,796	\$ 487,641	\$ 574,746	\$ 565,163	\$ 475,568	\$ 762,188	\$ 825,536
Operating Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,126,360	1,059,347	719,951	759,796	487,641	574,746	565,163	475,568	762,188	825,536

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-Type Activities:										
Charges for Services:										
Food Service	1,572	2,338	1,088	4,404	4,946	5,866	7,578	6,435	6,823	6,947
Operating Grants & Contributions	120,374	122,512	108,750	108,209	122,446	97,070	116,399	115,609	107,194	108,437
Total Business Type Activities Program Revenues	121,946	124,850	109,838	112,613	127,392	102,936	123,977	122,044	114,017	115,384
Total District Program Revenues	\$ 1,248,306	\$ 1,184,197	\$ 829,789	\$ 872,409	\$ 615,033	\$ 677,682	\$ 689,140	\$ 597,612	\$ 876,205	\$ 940,920
Net/(Expense)/Revenue:										
Governmental Activities	\$ (4,134,342)	\$ (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)
Business-Type Activities	(14,348)	(21,114)	(19,548)	8,829	(20,620)	(22,321)	19,410	(27,842)	2,409	(1,531)
Total District-Wide Net Expense	\$ (4,148,690)	\$ (3,952,517)	\$ (4,519,795)	\$ (3,557,036)	\$ (3,641,456)	\$ (3,417,754)	\$ (3,511,897)	\$ (3,292,410)	\$ (3,083,375)	\$ (2,774,233)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	\$ 2,737,431	\$ 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
Taxes Levied for Debt Service	-	-	108,326	109,550	110,765	112,028	108,472	109,722	109,305	68,982
Tuition	2,192	7,883	9,262	1,080	16,941	41,046	7,833	-	7,195	7,449
Federal & State Aid Not Restricted	1,466,553	1,029,671	963,828	830,097	1,087,519	969,734	806,905	1,048,941	891,227	832,035
Investment Earnings	150	150	125	200	97	1,466	1,973	614	52,170	66,683
Special Items:										
FEMA reimbursements	-	32,837	-	375,000	-	-	-	-	-	-
Cancellation of Prior Year Payables	34,464	(356,521)	-	-	-	-	-	-	-	-
Insurance Recovery Related to Impaired Capital Asset-Super Storm Sandy	115,895	502,437	-	601,632	-	-	-	-	-	-
Loss on Impairment of Assets	-	-	-	(50,854)	-	-	-	-	-	-
Community Block Grant	200,000	-	-	-	-	-	-	-	-	-
Miscellaneous Income	39,186	96,549	233,480	20,305	10,884	27,463	41,121	14,868	18,548	22,245
Transfers	(17,000)	(20,900)	(5,000)	(5,000)	(21,000)	-	-	-	-	(5,000)
Gain on Revaluation of Assets	-	-	-	-	-	-	-	-	-	122,885
Total Governmental Activities	4,578,871	3,722,462	3,229,082	4,578,621	3,765,723	3,662,048	3,174,695	3,381,286	3,408,471	3,199,535
Business-Type Activities:										
Transfers	17,000	20,900	5,000	5,000	21,000	-	-	-	-	5,000
Total Business-Type Activities	17,000	20,900	5,000	5,000	21,000	-	-	-	-	5,000
Total District-Wide	\$ 4,595,871	\$ 3,743,362	\$ 3,234,082	\$ 4,583,621	\$ 3,786,723	\$ 3,662,048	\$ 3,174,695	\$ 3,381,286	\$ 3,408,471	\$ 3,204,535
Change in Net Position:										
Governmental Activities	\$ 444,529	\$ (208,941)	\$ (1,271,165)	\$ 1,012,756	\$ 144,887	\$ 266,615	\$ (356,612)	\$ 116,718	\$ 322,687	\$ 426,833
Business-Type Activities	2,652	(214)	(14,548)	13,829	380	(22,321)	19,410	(27,842)	2,409	3,469
Total District	\$ 447,181	\$ (209,155)	\$ (1,285,713)	\$ 1,026,585	\$ 145,267	\$ 244,294	\$ (337,202)	\$ 88,876	\$ 325,096	\$ 430,302

**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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Reserved	\$ 1,273,318	\$ 758,929	798,271	1,684,028	1,253,207	1,209,750	1,116,127	1,611,086	954,131	1,068,160
Unreserved	150,556	58,624	130,749	144,059	167,160	174,679	85,070	(14,446)	549,012	196,222
Total General Fund	\$ 1,423,874	\$ 817,553	\$ 929,020	\$ 1,828,087	\$ 1,420,367	\$ 1,384,429	\$ 1,201,197	\$ 1,596,640	\$ 1,503,143	\$ 1,264,382
All Other Governmental Funds										
Unreserved, Reported in:										
Special Revenue Fund	\$ (9,487)	\$ (9,769)	(13,433)	(13,094)	(8,180)	(9,498)	(8,485)	(9,116)	(9,552)	(15,212)
Capital Projects Fund	-	-	-	277,741	-	-	-	-	15,303	15,303
Debt Service Fund	-	-	-	-	-	-	2	2	1	1,592
Total All Other Governmental Funds	\$ (9,487)	\$ (9,769)	\$ (13,433)	\$ 264,647	\$ (8,180)	\$ (9,498)	\$ (8,483)	\$ (9,114)	\$ 5,752	\$ 1,683

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Tax levy	\$ 2,737,431	\$ 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
Tuition charges	2,192	7,883	9,264	1,080	16,941	41,046	7,833	-	7,195	7,449
Interest	150	150	125	200	97	1,466	1,973	614	52,170	66,683
Miscellaneous	39,186	96,549	233,466	20,305	10,884	27,463	41,121	14,868	18,548	22,245
State Sources	1,500,819	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
Federal Sources	654,787	296,489	264,788	286,802	406,300	451,093	482,795	334,206	369,206	421,428
Total revenue	4,934,565	4,290,232	3,954,021	4,417,639	4,274,364	4,236,794	3,739,858	3,856,854	4,047,774	4,030,071
Expenditures										
Instruction:										
Regular Instruction	1,349,042	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
Special Education Instruction	440,289	332,050	338,961	303,797	347,883	279,473	267,009	259,138	210,827	272,253
Other Special Instruction	57,204	55,927	90,140	60,346	50,931	73,670	69,540	65,319	28,412	17,007
Other Instruction	25,456	75,587	-	-	-	-	-	-	-	-
Support Services & Undistributed Costs:										
Tuition	32,306	159,916	132,077	129,859	200,375	122,601	178,553	160,769	92,343	122,358
Attendance and Social Work Services	-	-	-	-	30,472	30,303	31,421	42,738	41,825	38,610
Health Services	-	-	-	-	67,751	70,992	62,387	62,523	59,555	50,548
Student & Instruction Related Services	616,765	645,812	599,132	523,056	475,331	446,863	450,866	400,874	316,963	366,123
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
Instructional Staff Training	-	-	-	-	665	851	166	2,911	166	2,199
General Administrative Services	110,395	91,023	129,445	130,595	142,200	149,649	147,954	183,019	191,379	209,682
School Administrative Services	92,028	89,677	125,158	121,243	37,896	37,984	53,313	36,086	36,014	32,580
Central Services	36,104	38,113	33,914	25,211	41,772	34,979	41,089	42,417	39,420	42,591
Administrative Information Technology	37,416	55,995	29,718	28,418	25,266	21,025	20,201	41,499	41,461	32,823
Plant Operations & Maintenance	305,674	287,790	1,199,796	1,178,045	229,703	251,938	247,517	227,244	252,663	230,864
Pupil Transportation	116,039	104,021	62,423	38,252	56,798	41,057	58,370	48,528	31,878	92,345
Business & Other Support Services	1,308,635	1,163,537	1,139,036	1,188,148	1,105,359	974,731	987,522	876,211	-	-
Unallocated Benefits	-	-	-	-	-	-	-	-	881,618	798,221
Debt Service:										
Principal	-	-	131,975	128,680	125,542	122,627	119,855	117,281	114,746	112,353
Interest	-	-	2,451	7,267	11,912	16,397	20,732	24,925	28,983	32,911
Capital Outlay	133,968	346,920	651,331	227,442	2,948	1,482	4,927	-	44,700	20,857
Total Expenditures	4,661,321	4,822,143	5,906,913	5,212,724	4,216,108	4,054,577	4,134,670	3,777,539	3,804,944	3,570,857

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	273,244	(531,911)	(1,952,892)	(795,085)	58,256	182,217	(394,812)	79,315	242,830	459,214
Other Financing Sources/(Uses):										
Community Disaster Loan (FEMA)	-	266,255	777,550	-	-	-	-	-	-	-
Community Block Grant	200,000	-	-	-	-	-	-	-	-	-
Transfers in	-	-	14,914	-	-	-	-	14,619	-	-
Lease Purchase Agreements	-	-	3,197	504,000	-	-	-	-	-	-
Insurance Recovery Related to Impaired Capital Asset-Super Storm Sandy	115,895	502,437	-	601,632	-	-	-	-	-	-
FEMA reimbursements	-	32,837	-	375,000	-	-	-	-	-	-
Cancellation of Prior Year Payables	34,464	(356,521)	-	-	-	-	-	-	-	-
Transfers Out	(17,000)	(20,900)	(19,916)	(5,000)	(21,000)	-	-	(14,619)	-	(5,000)
Total Other Financing Sources/ (Uses)	333,359	424,108	775,745	1,475,632	(21,000)	-	-	-	-	(5,000)
Net Change in Fund Balances	\$ 606,603	\$ (107,803)	\$ (1,177,147)	\$ 680,547	\$ 37,256	\$ 182,217	\$ (394,812)	\$ 79,315	\$ 242,830	\$ 454,214

Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	2.56%	2.73%	3.26%	3.43%	3.40%	3.76%	3.82%	4.09%
--	-----	-----	-------	-------	-------	-------	-------	-------	-------	-------

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
2016	\$ 150	N/A	2,192	\$ 38,337	\$ 40,679
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
2009	614	N/A	N/A	14,868	15,482
2008	52,170	N/A	N/A	18,190	70,360
2007	66,683	N/A	N/A	13,315	79,998

Source: District records

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
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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

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

	SCHOOL DISTRICT DIRECT RATE		OVERLAPPING RATES			TOTAL DIRECT & OVERLAPPING TAX RATE
	TOTAL REGIONAL TAX RATE	LOCAL SCHOOL DISTRICT TAX RATE	MUNICIPAL TAX RATE	COUNTY TAX RATE		
2016	N/A	N/A	N/A	N/A	N/A	N/A
2015	0.380	0.427	0.901	0.427	2.135	2.135
2014	0.264	0.390	0.866	0.435	1.955	1.955
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	0.289	0.312	0.544	0.326	1.471	1.471
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

Source: Municipal Tax Collector

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

	2016			2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Rank	Taxable Assessed Value	% of Total District Net Assessed Value
Seaside Heights					
AFMV LLC	\$ 25,869,400	3.68%	1	N/A	N/A
Belle Freman Properites LLC	7,157,800	1.02%	2	N/A	N/A
McGrath Partnership	6,322,000	0.90%	3	N/A	N/A
Shre Atlantic Hospitality LLC	5,228,800	0.74%	4	N/A	N/A
Seaside Hts Imp & Dev Co inc	4,554,200	0.65%	5	N/A	N/A
Saddy Family LLC	4,404,400	0.63%	6	N/A	N/A
Tilles, Samuel Inc	4,280,600	0.61%	7	N/A	N/A
Nini Feldman & Jill Finlay	4,185,900	0.59%	8	N/A	N/A
Coin Castle Amusement Boulevard LLC	3,739,600 3,419,200	0.53% 0.49%	9 10	N/A N/A	N/A N/A
Total	\$ 69,161,900	9.83%		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	
2016	\$ 2,737,431	\$ 2,737,431	100%	-
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%	-

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			
2016	\$ -	N/A	\$ 208,404		N/A	N/A
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%

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		
2016	\$ -	N/A	\$ -	0.00%	N/A
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

**SEASIDE HEIGHTS BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
Unaudited**

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

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

**SEASIDE HEIGHTS BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
Unaudited**

	2016	2015	2013	2012	2011	2010	2009	2008	2007	2006
--	------	------	------	------	------	------	------	------	------	------

Debt Limit										
Total Net Debt Applicable to Limit										
Legal Debt Margin										
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	#DIV/0!	2.97%	2.97%	N/A	N/A	N/A	N/A	N/A	5.87%	6.60%

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis			Total
	Berkeley	Island Heights	Ocean Gate	
2015				
2014				
2013				\$ -
Average Equalized Valuation of Taxable Personal Services -				
Debt Limit (3.5 % of Average Equalization Value)				-
Net Bonded School Debt				-
Legal Debt Margin				\$ -

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

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)
2016	N/A	N/A	N/A
2015	2,892	44,381	7.80%
2014	2,893	42,573	9.40%
2013	2,885	42,499	17.20%
2012	2,877	41,460	14.30%
2011	2,884	39,900	14.00%
2010	2,887	39,746	13.50%
2009	3,355	41,329	12.80%
2008	3,343	40,042	8.20%
2007	3,317	38,288	6.10%

^c Per Capita

^d 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.

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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Regular	17	19	19	18	17	16	16	16	15	14
Special Education	12	4	4	4	7	11	11	11	11	11
Other Special Education		4	5	5	1	2	2	2	2	2
Support Services:										
Student & Instruction Related Services	8	8	7	7	10	4	4	4	3	3
School Administrative Services	1	1	2	2	1	1	1	1	1	1
General & Business Administrative Services	1	1	1	1	2	4	4	4	6	6
Plant Operations & Maintenance	3	3	4	4	3	3	3	3	2	2
Total	42	40	42	41	41	41	41	41	40	39

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				
2016	198	\$ 4,527,353	\$ 22,865	7.81%	24	8.3	N/A	N/A	N/A	N/A	N/A
2015	211	4,475,223	21,210	-14.27%	24	8.9	226.6	206	206	11.08%	90.86%
2014	207	5,121,156	24,740	18.36%	24	9	204.0	184	184	23.64%	90.20%
2013	232	4,849,335	20,902	18.90%	24	9	165.0	147	147	-26.67%	89.09%
2012	232	4,078,654	17,580	0.12%	29	8	225.0	204	204	2.74%	90.67%
2011	223	3,915,553	17,559	-2.18%	29	7	219.0	199	199	-2.23%	90.87%
2010	222	3,984,931	17,950	-0.10%	29	8	224.0	204	204	10.89%	91.07%
2009	201	3,611,589	17,968	5.33%	29	7	202.0	185	185	-3.81%	91.58%
2008	212	3,616,515	17,059	8.22%	26	8	210.0	197	197	-0.47%	93.81%
2007	216	3,404,736	15,763	-3.95%	25	9	211.0	195	195	0.96%	92.42%

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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	211	207	232	232	212	222	201	212	216

Number of Schools at JUNE 30, 2016:
 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
2016	\$ 95,679	\$ 95,679
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

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, 2016
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

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 Board of Education
Seaside Heights Board of Education
County of Ocean
Seaside Heights, New Jersey 08751

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, 2016, 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 04, 2016.

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 04, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Seaside Heights Board of Education
County of Ocean
Seaside Heights, New Jersey 08751

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 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, 2016. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 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 and State 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 and state programs for the year ended June 30, 2016.

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 the Uniform Guidance and New Jersey OMB's Circular 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 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 04, 2016

SEASIDE HEIGHTS BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR PASS THROUGH GRANITOR PROGRAM TITLE	CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECEIPT EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	PRIOR YEAR (RECEIVABLES) PAYABLES CANCELED	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	DEFERRED REVENUE AT JUNE 30, 2016	DUE TO GRANTOR AT JUNE 30, 2016
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:															
Child Nutrition Cluster															
Non-Cash Assistance															
Food Distribution Program	10.555	1616NJ304N1099	N/A	\$ 11,793	7/1/15-6/30/16	\$ -	\$ -	\$ 11,793	\$ (11,793)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Assistance															
National Performance Based Lunch	10.555	1616NJ304N1099	N/A	1,566	7/1/15-6/30/16	-	-	1,457	(1,566)	-	-	(109)	-	-	-
National Performance Based Lunch	10.555	1515NJ304N1099	N/A	1,493	7/1/14-6/30/15	(129)	-	129	-	-	-	-	-	-	-
National School Lunch Program	10.555	1616NJ304N1099	N/A	77,857	7/1/15-6/30/16	-	-	72,349	(77,857)	-	-	(5,508)	-	-	-
National School Lunch Program	10.555	1515NJ304N1099	N/A	70,948	7/1/14-6/30/15	(6,176)	-	6,176	-	-	-	-	-	-	-
Subtotal															
						(6,305)	-	80,111	(91,216)	-	-	(5,617)	-	-	-
National Breakfast Program	10.553	1616NJ304N1099	N/A	27,072	7/1/14-6/30/15	(1,928)	-	1,928	-	-	-	-	-	-	-
National Breakfast Program	10.553	1515NJ304N1099	N/A	27,684	7/1/15-6/30/16	(1,928)	-	26,273	(27,684)	-	-	(1,411)	-	-	-
Subtotal															
						(8,233)	-	28,201	(27,684)	-	-	(1,411)	-	-	-
Total Child Nutrition Cluster						(8,233)	-	108,312	(118,900)	-	-	(7,028)	-	-	-
Total U.S. Department of Agriculture						(8,233)	-	108,312	(118,900)	-	-	(7,028)	-	-	-
U.S. DEPARTMENT OF HOMELAND SECURITY PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:															
General Fund:															
Federal Emergency Management Agency (FEMA):															
Department of Homeland Security (DHS):															
Public Assistance Grants:															
Superstorm Sandy	97.036		N/A	450,000	7/1/15-6/30/16	-	-	-	(450,000)	-	-	(450,000)	-	-	-
Subtotal															
						-	-	-	(450,000)	-	-	(450,000)	-	-	-
Total General Fund						-	-	-	(450,000)	-	-	(450,000)	-	-	-
Total U.S. Department of Homeland Security						-	-	-	(450,000)	-	-	(450,000)	-	-	-
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:															
Special Revenue Fund:															
Title I	84.010	S010A150030	NCLB471015	250,713	9/1/10-8/31/11	1,950	-	-	-	-	(1,950)	-	-	-	-
Title I	84.010	S010A140030	NCLB471014	194,824	7/1/15-6/30/16	-	-	91,297	(103,553)	-	-	(12,056)	-	-	-
Title I	84.010	S010A130030		193,552	9/1/14-8/31/15	(48,144)	-	48,144	-	-	-	-	-	-	-
Subtotal						(46,194)	-	139,441	(103,553)	-	(1,950)	(12,056)	-	-	-
Title II Part A	84.367	S367A150029	NCLB471015	32,951	7/1/15-6/30/16	-	-	18,280	(19,865)	-	-	(1,585)	-	-	-
Title II Part A	84.367	S367A140029	NCLB471014	33,536	9/1/14-8/31/15	(5,280)	-	5,280	-	-	-	-	-	-	-
Subtotal						(5,280)	-	23,560	(19,865)	-	-	(1,585)	-	-	-
Title III Immigrant	84.365A	S365A150009	NCLB471015	10,417	7/1/15-6/30/16	-	-	6,558	(6,558)	-	-	-	-	-	-
Subtotal						-	-	6,558	(6,558)	-	-	-	-	-	-
Special Education Cluster															
L.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT-3430-15	85,168	7/1/15-6/30/16	-	-	64,744	(73,659)	-	-	(8,915)	-	-	-
L.D.E.A. Part B, Basic Regular	84.027	H027A140100	FT-3430-14	79,883	9/1/13-8/31/14	2,630	-	-	-	-	-	-	2,630	-	-
Subtotal						2,630	-	64,744	(73,659)	-	-	(8,915)	2,630	-	-
L.D.E.A. Part B, Preschool	84.173	H173A150114	PS-3430-15	2,180	7/1/15-6/30/16	(979)	-	372	(1,031)	-	-	(659)	-	-	-
L.D.E.A. Part B, Preschool	84.173	H173A140114	PS-3430-14	2,078	7/1/14-6/30/15	(979)	-	979	-	-	(368)	(659)	-	-	-
Subtotal						(979)	-	1,351	(1,031)	-	-	(659)	-	-	-
Total Special Education Cluster						1,651	-	66,095	(74,690)	-	-	(9,574)	2,630	-	-
Total Special Revenue Fund						(49,823)	-	235,654	(204,466)	-	(1,950)	(3,688)	2,630	-	-
Total U.S. Department of Education						(49,823)	-	235,654	(204,466)	-	(1,950)	(3,688)	2,630	-	-
Total Federal Financial Assistance						\$ (68,056)	\$ -	\$ 343,966	\$ (773,366)	\$ -	\$ (1,950)	\$ (480,243)	\$ 2,630	\$ -	\$ -

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the 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: Summary of Significant Accounting Policies

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Seaside Heights Board of Education did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Seaside Heights Board of Education has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the

**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)

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 one or more state aid June payments 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 \$2,954 for the general fund and \$603 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:

	Federal	State	Total
General Fund	\$ 450,000	\$ 1,402,689	\$ 1,852,689
Special Revenue Fund	204,787	98,130	302,917
Food Service Fund	<u>118,900</u>	<u>1,421</u>	<u>120,321</u>
Total Financial Assistance	<u>\$ 773,687</u>	<u>\$ 1,502,240</u>	<u>\$ 2,275,927</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: Other

Revenues and expenditures reported under the Food Distribution Program represents 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, 2016. 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, 2016.

Note 6: 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, 2016. The loan is due on July 11, 2018 and is accruing interest at 1.5%.

**SEASIDE HEIGHTS BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

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?	No
Noncompliance material to basic financial Statements noted?	No

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 2 CFR 200 Section .516(a) of the Uniform Guidance?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	N/A	Disaster Grants – Public Assistance, Presidentially Declared Disasters

Dollar threshold used to distinguish between type A and type B programs:[518]	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SEASIDE HEIGHTS BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No
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 2 CFR 200 Section .516(a) of the Uniform Guidance or NJOMB Circular Letter 15-08 as applicable?	No

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-089	<u>State Aid Public Cluster:</u>
16-495-034-5120-085	Special Education Aid
16-495-034-5120-084	Adjustment Aid
16-495-034-5120-078	Security Aid
16-495-034-5120-068	Equalization Aid
16-495-034-5120-097	School Choice Aid
16-495-034-5120-098	Per Pupil Growth Aid
	PARCC Readiness Aid

**SEASIDE HEIGHTS BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

No Current Year Findings

**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, 2016**

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*, United States OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

Status of Prior Year Findings

Finding 2015-001

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

Current Status

Corrective action has been taken.