

SEASIDE HEIGHTS SCHOOL DISTRICT

Seaside Heights, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SEASIDE HEIGHTS SCHOOL DISTRICT

SEASIDE HEIGHTS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 15, 2017

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 (CAFR) of the Seaside Heights School District for the fiscal year that ended June 30, 2017 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. The School District's enrollment for the past ten years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	199	13.02%
2015-2016	198	7.81%
2014-2015	211	-14.27%
2013-2014	207	18.36%
2012-2013	232	18.90%
2011-2012	232	12.00%
2010-2011	223	-2.18%
2009-2010	222	-10.00%
2008-2009	201	5.33%
2007-2008	212	8.22%

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. The Borough of Seaside Heights continues to recover from the impacts of Superstorm Sandy which has reduced its taxable ratable based by approximately 25%.

3. MAJOR INITIATIVES:

School year 2016-17 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 collected on 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, 2017.

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, 2017.

8. DEBT ADMINISTRATION:

As of June 30, 2017, 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.

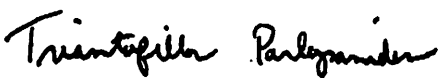
11. OTHER INFORMATION:

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 SCHOOL DISTRICT
1200 Bay Boulevard
Seaside Heights, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Mr. Todd Genty, President	2019
Mr. Erik Hershey, Vice President	2017
Mr. Andrew Leahy	2017
Mr. Raymond Powanda-Carvalho	2019
Mr. Peter Smith	2018

OTHER OFFICIALS

Triantafillos Parlapanides, ED.D., Superintendent

Kevin O'Shea, CPA, Business Administrator

Ms. Kathleen Magaraci, Treasurer of School Monies

Mr. David Cassadonte, Esq., Board Attorney

SEASIDE HEIGHTS SCHOOL DISTRICT
Seaside Heights, New Jersey 08721

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

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

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Seaside Heights School District
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 School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2017, 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 School District, County of Ocean, State of New Jersey, as of June 30, 2017, 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 School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards 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 state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements 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 15, 2017 on our consideration of the Seaside Heights School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 School District'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 15, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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**SEASIDE HEIGHTS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017. 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, 2017 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, 2017 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, 2017, the outstanding balance of the lease for this project was \$104,227.
- 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. On July 5th, 2017, FEMA officially cancelled \$703,651 in principal and \$40,629 in accrued interest of the loan. The District is expecting to repay the remaining principal amount of \$155,799 prior to July 11, 2018.
- During the 2016-17 School year, the District participated in the Community Eligibility Provision (CEP) Program for its Food Service Fund (Business Activities). This program provided that no student would be charged for their school lunch or breakfast. The net impact of this program was

to reduce charges for services to zero but the corresponding increase in federal and state reimbursements for the program made up for the loss in charges for services.

- Total spending for all our programs was \$5,983,730 for the school year ending June 30, 2017. 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 \$1,010,344 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 2016-17 school year.
- General revenues accounted for \$3,778,874 in revenue or 67.24 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,830,730 or 32.58 percent of total revenues of \$5,619,604.
- Cash and cash equivalents increased by \$404,537, receivables decreased by \$542,374 and net capital assets decreased by \$112,458. Receivables decreased due mainly to FEMA paying to the District a large receivable 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 \$4,249,926 in revenues, and \$4,396,020 in expenditures and other financing sources. The District's general fund balance decreased \$147,782 from 2016.
- For the 2016-17 school year total expenses and other financing sources were more than total revenues. Thus, there was a decrease in the General Activities Net position of \$364,126 or an 18.93% decrease from 2016. The decrease is due mainly to the District structuring its budget to spend down its reserves and to maintain its tax levy from increasing to provide some tax relief to the Borough for the 2016-17 budget year.
- 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 service 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, 2017 and 2016.

Net Position				
As of June 30, 2017				
	Governmental Activities		Business-Type Activities	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets				
Current and Other Assets	\$ 2,165,187	\$ 1,910,244	\$ 9,550	\$ 14,756
Capital Assets, Net	3,300,785	33,413,243	-	-
Total Assets	<u>5,465,972</u>	<u>35,323,487</u>	<u>9,550</u>	<u>14,756</u>
Liabilities				
Long-term Liabilities	3,551,534	3,113,837	-	-
Other Liabilities	361,244	289,129	3,660	12,067
Total Liabilities	<u>3,912,778</u>	<u>3,402,966</u>	<u>3,660</u>	<u>12,067</u>
Net Position				
Net Investment in capital assets	3,187,917	3,204,839	-	-
Restricted	766,144	411,384	-	-
Unrestricted	(2,400,867)	(1,695,702)	5,890	2,689
Total Net Position	<u>\$ 1,553,194</u>	<u>\$ 1,920,521</u>	<u>\$ 5,890</u>	<u>\$ 2,689</u>

The following summarizes the changes in Net Position for the fiscal years ended June 30, 2017 and 2016.

Changes in Net Position

REVENUES	2017	2016
Charges for Services	\$ -	\$ 1,572
Operating Grants & Contribution	1,830,730	1,246,734
Property Taxes	2,748,368	2,737,431
Grants & Entitlements	1,010,344	1,466,553
Other	30,162	391,887
Total Revenue	\$ 5,619,604	\$ 5,844,177
Expenses		
2017		
2016		
Instruction		
Regular	\$ 1,607,792	\$ 1,349,439
Special Education	353,173	440,289

Other Special Instruction	60,502	57,204
Other Instruction	18,008	25,456
Support Services		
Tuition	24,747	32,306
Student & Instr. Related	676,464	617,162
School Admin. Services	98,254	110,395
Other Admin Services	87,930	92,028
Plant Oper & Maintenance	338,388	305,674
Central Services & Info Technology	72,075	73,520
Transportation	62,981	116,039
Unallocated Benefits	2,205,772	1,820,944
Debt Services		
Interest on Debt	18,486	21,741
Unallocated Depreciation	172,305	199,299
Other	23,886	-
Total Government Activities		
Business Type		
Food Service	162,967	136,294
Total	162,967	136,294
Total District Expense	\$ 5,983,730	\$ 5,397,790

Governmental Activities

Property taxes made up 48.91 percent of revenues for governmental activities for the Seaside Heights School District for the fiscal year 2017. Federal and State aid not restricted accounted for another 17.98 percent of revenue. The District's total revenues and other financing sources were \$5,619,604 for the year ended June 30, 2017.

The total cost of all programs and services was \$5,983,730. Instruction expenses comprised approximately 34.08 percent of District expenses in 2017.

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) were comprised of entirely of federal and state reimbursements.

- Revenues exceeded enterprise expenditures by \$3,201.
- Charges for services are no longer a revenue stream as a result of the District participating the in the Community Eligibility Provision Program (CEP) which increased its Federal and State Aid revenues.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast and donated commodities was \$156,108.

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 \$4,808,484; expenditures and other financing sources were \$4,958,525. The net change in fund balance for the year was a decrease of \$151,729.

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, 2017 and the amount and percentage of increases and decreases in relation to prior year revenues:

Summary of Governmental Fund Revenues				
	Year Ended June 30, 2017	Year Ended June 30, 2016	Amount of Increase (Decrease)	Percent Increase (Decrease)
REVENUES				
Local sources:				
Local Tax Levy	\$ 2,748,368	\$ 2,737,431	\$ 10,937	0.4%
Tuition	-	2,192	(2,192)	-100.0%
Miscellaneous	30,162	39,336	(9,174)	-23.3%
Total - Local Sources	<u>2,778,530</u>	<u>2,778,959</u>	<u>(429)</u>	<u>0.0%</u>
Federal Sources	426,727	654,787	(228,060)	-34.8%
State Sources	1,603,227	1,500,819	(102,408)	-6.8%
Total - Govt Sources	<u>2,029,954</u>	<u>2,155,606</u>	<u>(330,468)</u>	<u>-16.3%</u>
Total Revenues	<u>\$ 4,808,484</u>	<u>\$ 4,934,565</u>	<u>\$ (126,081)</u>	<u>-2.6%</u>

Local Tax Levy increased by \$10,937. The District received less in federal and state sources in fiscal year 2017 due primarily to a decrease in enrollment from 2016.

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, 2017 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, 2017	June 30, 2016	Increase/ (Decrease)	Increase/ (Decrease)
Current:				
Regular Instruction	\$ 1,607,792	\$ 1,349,042	\$ 258,750	19.18%
Special Education Instruction	353,173	440,289	(87,116)	-19.79%
Other Instruction	78,510	82,660	(4,150)	-5.02%
Support Services and Undistributed Costs:				
Tuition	24,747	32,306	(7,559)	-23.40%
Student & Instruction Related Services	676,464	616,765	59,699	9.68%
School Administrative Services	98,254	110,395	(12,141)	-11.00%
General Administrative Services	87,930	92,028	(4,098)	-4.45%
Central Services	40,557	36,104	4,453	12.33%
Administrative Information Technology	31,518	37,416	(5,898)	-15.76%
Plant Operations and Maintenance	338,388	305,674	32,714	10.70%
Pupil Transportation	62,981	116,039	(53,058)	-45.72%
Unallocated Benefits	1,367,408	1,308,635	58,773	4.49%
Capital Outlay	<u>191,647</u>	<u>133,968</u>	<u>57,679</u>	<u>43.05%</u>
Total Expenditures	<u>\$ 4,959,369</u>	<u>\$ 4,661,321</u>	<u>\$ 298,048</u>	<u>6.39%</u>

Changes in expenditures were the results of varying factors. Regular Instruction increased mainly due to shifts in enrollment and staffing. Student & Instructional Related Services increased mainly due to a shift in the special education student population.

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.

Language Learning costs were less than budgeted due to some staff being reassigned to other areas of instruction and due to staff on maternity leave. 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.

Capital Assets

At the end of the fiscal year 2017, the School District had invested in land, buildings, furniture and equipment and vehicles. The following shows fiscal 2017 and 2016 balances:

	<u>2017</u>	<u>2016</u>
Building & Bldg Improvements	\$ 4,655,497	\$ 4,655,497
Machinery and Equipment	867,189	797,751
Construction in Progress	-	9,500
Land	75,364	75,364
Total Capital Assets	<u>5,598,050</u>	<u>5,538,112</u>
Less: Accumulated Depreciation	<u>(2,297,265)</u>	<u>(2,124,960)</u>
Net Capital Assets	<u>\$ 3,300,785</u>	<u>\$ 3,413,152</u>

Overall capital assets decreased \$112,458 from fiscal year 2016 to fiscal year 2017. The decrease is due primarily to depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

As of June 30, 2017, the School District had an outstanding Community Disaster Loan payable to FEMA in the amount of \$1,043,805. As noted in Note 20, FEMA cancelled \$744,280 of the balance on July 5, 2017. The School District did not have any other outstanding debt at June 30, 2017.

At June 30, 2017, 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 SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 891,929	\$ 1,001	\$ 892,930
Receivables, Net	147,248	8,549	155,797
Restricted Assets:			
Capital Reserve Account - Cash	296,240	-	296,240
Capital Assets, Net (Note 5):			
Non-depreciable	75,364	-	75,364
Depreciable	3,225,421	-	3,225,421
Total Assets	4,636,202	9,550	4,645,752
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions (Note 8)	829,770	-	829,770
Total Deferred Outflow of Resources	829,770	-	829,770
Total Assets and Deferred Outflow of Resources	5,465,972	9,550	5,475,522
LIABILITIES			
Accounts Payable	72,759	-	72,759
Interfund Payable	-	3,660	3,660
Payable to Other Governments	61,623	-	61,623
Accrued Interest Payable	56,060	-	56,060
Noncurrent Liabilities (Note 7):			
Due Within One Year	106,730	-	106,730
Due Beyond One Year	3,551,534	-	3,551,534
Total Liabilities	3,848,706	3,660	3,852,366
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	64,072	-	64,072
Total Deferred Inflows of Resources	64,072	-	64,072
Total Liabilities and Deferred Inflows of Resources	3,912,778	3,660	3,916,438
NET POSITION			
Net Investment in Capital Assets	3,187,917	-	3,187,917
Restricted For:			
Maintenance Reserve	56,741	-	56,741
Emergency Reserve	50,252	-	50,252
Capital Reserve	189,247	-	189,247
Excess Surplus	469,904	-	469,904
Unrestricted (Deficit)	(2,400,867)	5,890	(2,394,977)
Total Net Position	\$ 1,553,194	\$ 5,890	\$ 1,559,084

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

SEASIDE HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 1,607,792	\$ -	\$ 478,696	\$ (1,129,096)	\$ (1,129,096)
Special Education	353,173	-	-	(353,173)	(353,173)
Other Special Instruction	60,502	-	-	(60,502)	(60,502)
Other Instruction	18,008	-	-	(18,008)	(18,008)
Support Services & Undistributed Costs:					
Tuition	24,747	-	-	(24,747)	(24,747)
Student & Instruction Related Services	676,464	-	83,809	(592,655)	(592,655)
School Administrative Services	98,254	-	-	(98,254)	(98,254)
Other Administrative Services	87,930	-	-	(87,930)	(87,930)
Central Services	40,557	-	-	(40,557)	(40,557)
Administrative Information Technology	31,518	-	-	(31,518)	(31,518)
Plant Operations & Maintenance	338,388	-	-	(338,388)	(338,388)
Pupil Transportation	62,981	-	11,203	(51,778)	(51,778)
Unallocated Employee Benefits	2,205,772	-	1,100,854	(1,104,918)	(1,104,918)
Debt Service:					
Interest & Other Charges on Long Term Debt	18,486	-	-	(18,486)	(18,486)
Unallocated Adjustment to Fixed Assets	23,886	-	-	(23,886)	(23,886)
Unallocated Depreciation	172,305	-	-	(172,305)	(172,305)
Unallocated Compensated Absences	-	-	-	-	-
Total Governmental Activities	5,820,763	-	1,674,562	(4,146,201)	(4,146,201)
Business-Type Activities:					
Food Service	162,967	-	156,168	-	(6,799)
Total Business-Type Activities	162,967	-	156,168	-	(6,799)
Total Primary Government	5,983,730	-	1,830,730	(4,146,201)	(4,153,000)

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

SEASIDE HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	BUSINESS- TYPE	TOTALS
	GOVERNMENTAL ACTIVITIES	ACTIVITIES	
	2,748,368	-	2,748,368
	(10,000)	10,000	-
	1,010,344	-	1,010,344
	150	-	150
	30,012	-	30,012
	3,778,874	10,000	3,788,874
	(367,327)	3,201	(364,126)
	1,920,521	2,689	1,923,210
	\$ 1,553,194	\$ 5,890	\$ 1,559,084

General Revenues:

Taxes:
 Property Taxes, Levied for General Purposes, Net
 Transfers to Other Funds
 Federal and State Aid Not Restricted
 Investment Earnings
 Miscellaneous Income

Total General Revenues, Special Items, Extraordinary Items & Transfers

Change In Net Position

Net Position - Beginning

Net Position - Ending

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B. Fund Financial Statements

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

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Governmental Funds

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**SEASIDE HEIGHTS SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ 891,929	\$ -	\$ 891,929
Due from Other Funds	160,766	-	160,766
Receivables from Other Governments	950	143,672	144,622
Restricted Cash & Cash Equivalents	296,240	-	296,240
Total Assets	<u>\$ 1,349,885</u>	<u>\$ 143,672</u>	<u>\$ 1,493,557</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 72,759	\$ -	\$ 72,759
Interfund Payable	1,034	157,106	158,140
Total Liabilities	<u>73,793</u>	<u>157,106</u>	<u>230,899</u>
Fund Balances:			
Restricted for:			
Maintenance Reserve	56,741	-	56,741
Emergency Reserve	50,252	-	50,252
Capital Reserve Account	189,247	-	189,247
Excess Surplus - Designated for Subsequent Year's Expenditures	469,904	-	469,904
Assigned to:			
Designated for Subsequent Year's Expenditures	437,749	-	437,749
Committed to:			
Other Purposes	12,705	-	12,705
Unassigned, Reported in:			
General Fund	59,494	-	59,494
Special Revenue Fund	-	(13,434)	(13,434)
Total Fund Balances	<u>1,276,092</u>	<u>(13,434)</u>	<u>1,262,658</u>
Total Liabilities & Fund Balances	<u>\$ 1,349,885</u>	<u>\$ 143,672</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 \$5,598,050 and the accumulated depreciation is \$2,297,265.	3,300,785
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.	765,698
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.	(56,060)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position	(61,623)
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>(3,658,264)</u>
Net Position of Governmental Activities	<u>\$ 1,553,194</u>

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:			
Local Sources:			
Local Tax Levy	\$ 2,748,368	\$ -	\$ 2,748,368
Interest	150	-	150
Miscellaneous	28,775	1,237	30,012
Total Local Sources	<u>2,777,293</u>	<u>1,237</u>	<u>2,778,530</u>
State Sources	1,472,633	130,594	1,603,227
Federal Sources	-	426,727	426,727
Total Revenues	<u>4,249,926</u>	<u>558,558</u>	<u>4,808,484</u>
Expenditures:			
Current Expense:			
Regular Instruction	1,129,096	478,696	1,607,792
Special Education Instruction	353,173	-	353,173
Other Special Instruction	60,502	-	60,502
Other Instruction	18,008	-	18,008
Support Services:			
Tuition	24,747	-	24,747
Student & Instruction Related Services	592,655	83,809	676,464
School Administrative Services	98,254	-	98,254
General Administrative Services	87,930	-	87,930
Central Services	40,557	-	40,557
Administrative Information Technology	31,518	-	31,518
Plant Operations & Maintenance	338,388	-	338,388
Pupil Transportation	62,981	-	62,981
Employee Benefits	1,367,408	-	1,367,408
Capital Outlay	191,647	-	191,647
Total Expenditures	<u>4,396,864</u>	<u>562,505</u>	<u>4,959,369</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(146,938)</u>	<u>(3,947)</u>	<u>(150,885)</u>
Other Financing Sources/(Uses):			
Transfers Out	(10,000)	-	(10,000)
Capital Leases (Non-Budgeted)	9,156	-	9,156
Total Other Financing Sources/(Uses)	<u>(844)</u>	<u>-</u>	<u>(844)</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing (Uses)	<u>(147,782)</u>	<u>(3,947)</u>	<u>(151,729)</u>
Fund Balances, July 1	<u>1,423,874</u>	<u>(9,487)</u>	<u>1,414,387</u>
Fund Balances, June 30	<u>\$ 1,276,092</u>	<u>\$ (13,434)</u>	<u>\$ 1,262,658</u>

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
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, 2017**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (151,729)

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	(172,305)	
Adjustments and Deletions of Fixed Assets	(23,886)	
Capital Outlays	83,824	(112,367)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resource 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 - 2017	68,209	
Unfunded TPAF Pension Expense	(654,952)	
State Share of Unfunded TPAF Pension Expense	654,952	
Pension Expense	(244,829)	(176,620)

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. 104,692

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	40,705	
Current Year	(56,060)	(15,355)

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	220,837	
Current Year	(227,629)	(6,792)

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	(1,043,805)	-

The proceeds from the issuance of capital leases provide current financial resources and are reported in this fund financial statement, but they are presented as liabilities in the statement of net assets (9,156)

Change in Net Position of Governmental Activities: \$ (367,327)

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Proprietary Funds

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**SEASIDE HEIGHTS SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	ENTERPRISE FUND	TOTALS
Current Assets:		
Cash & Cash Equivalents	\$ 1,001	\$ 1,001
Accounts Receivable	8,549	8,549
	<hr/>	<hr/>
Total Current Assets	9,550	9,550
	<hr/>	<hr/>
Total Assets	9,550	9,550
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Interfund Payable	3,660	3,660
	<hr/>	<hr/>
Total Current Liabilities	3,660	3,660
	<hr/>	<hr/>
NET POSITION		
Unrestricted	5,890	5,890
	<hr/>	<hr/>
Total Net Position	\$ 5,890	\$ 5,890
	<hr/> <hr/>	<hr/> <hr/>

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ENTERPRISE FUND	TOTALS
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ -	\$ -
Total Operating Revenue	<u>-</u>	<u>-</u>
Operating Expenses:		
Salaries	14,377	14,377
Supplies and Materials	18,477	18,477
Cost of Sales	<u>130,113</u>	<u>130,113</u>
Total Operating Expenses	<u>162,967</u>	<u>162,967</u>
Operating (Loss)/Gain	<u>(162,967)</u>	<u>(162,967)</u>
Nonoperating Revenues:		
State Sources:		
State School Lunch Program	1,549	1,549
Federal Sources:		
School Breakfast Program	31,751	31,751
National School Lunch Program	89,540	89,540
National School Performance Based Program	1,689	1,689
Food Distribution Program	13,130	13,130
Fresh Fruit & Vegetable Program	11,649	11,649
Equipment Grant	6,800	6,800
Miscellaneous	<u>60</u>	<u>60</u>
Total Nonoperating Revenues	<u>156,168</u>	<u>156,168</u>
Other Financing Sources Over/(Under)		
Transfers In	<u>10,000</u>	<u>10,000</u>
Total Other Financing Sources Over/(Under)	<u>10,000</u>	<u>10,000</u>
Change in Net Position	3,201	3,201
Total Net Position - Beginning	<u>2,689</u>	<u>2,689</u>
Total Net Position - Ending	<u>\$ 5,890</u>	<u>\$ 5,890</u>

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ENTERPRISE FUND	TOTALS
Cash Flows From Operating Activities:		
Payments to Employees	\$ (14,377)	\$ (14,377)
Payments to Suppliers	(143,867)	(143,867)
	<u>(158,244)</u>	<u>(158,244)</u>
Net Cash From Operating Activities		
Cash Flows From Noncapital Financing Activities:		
State Sources	1,536	1,536
Federal Sources	140,073	140,073
Miscellaneous	(52)	(52)
Transfers (to)/from Other Funds	10,000	10,000
	<u>151,557</u>	<u>151,557</u>
Net Cash From Noncapital Financing Activities		
Cash Flows From Investing Activities:		
Interest	60	60
	<u>60</u>	<u>60</u>
Net Cash From Investing Activities		
Net Change in Cash & Cash Equivalents	(6,627)	(6,627)
Cash and Cash Equivalents, July 1	7,628	7,628
	<u>\$ 1,001</u>	<u>\$ 1,001</u>
Cash & Cash Equivalents, June 30		

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Cash From Operating Activities:		
Operating Loss	\$ (162,967)	\$ (162,967)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:		
Food Distribution Program	13,130	13,130
Change in Assets & Liabilities:		
Increase/(Decrease) in Interfund (Receivable)/Payable	(8,407)	(8,407)
	<u>4,723</u>	<u>4,723</u>
Total Adjustments		
Net Cash From Operating Activities	<u>\$ (158,244)</u>	<u>\$ (158,244)</u>

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

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Fiduciary Fund

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**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE <u>UNEMPLOYMENT COMPENSATION TRUST</u>	AGENCY FUNDS	TOTALS
Cash & Cash Equivalents	\$ 23,478	\$ 96,824	\$ 120,302
Due from Other Funds	1,205	1,034	2,239
Total Assets	<u>24,683</u>	<u>97,858</u>	<u>122,541</u>
LIABILITIES			
Payroll Deductions & Withholdings	-	96,653	96,653
Interfunds Payable	-	1,205	1,205
Total Liabilities	<u>-</u>	<u>97,858</u>	<u>97,858</u>
NET POSITION			
Reserved: Unemployment Claims	<u>24,683</u>	-	24,683
Total Net Position	<u>\$ 24,683</u>	<u>\$ -</u>	<u>\$ 24,683</u>

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ADDITIONS:	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	TOTALS
Contributions:		
Interest Earned	\$ 33	\$ 33
Contributions	-	-
Total Additions	33	33
DEDUCTIONS:		
Disbursements	3,700	3,700
Total Deductions	3,700	3,700
Change in Net Position	(3,667)	(3,667)
Net Position - July 1	28,350	28,350
Net Position - June 30	\$ 24,683	\$ 24,683

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

SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Seaside Heights School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Seaside Heights School District is a Type II School District located in the County of Ocean, State of New Jersey. As a Type II School 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 School District has an approximate enrollment at June 30, 2017 of 199 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

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 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The School 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 School District accompanied by a total column. Fiduciary activities of the School 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 School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the 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 School District are reported in three categories: 1) charges for services, 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 property taxes.

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.

B. 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. The School 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 School 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 School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

fund liability is incurred. 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 asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the School 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 School 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. 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.

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

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

The School District reports the following major proprietary funds:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of the School District.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

D. Fiduciary Fund Financial Statements (continued)

The School District reports the following 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 School 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 School District. Expenditures consist of unemployment reimbursement claims.

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Budgets/Budgetary Control (continued)

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

Encumbrances

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

Open encumbrances in the special revenue fund for which the School 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, Cash Equivalents and Investments

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 considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). 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.

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 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. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments (continued)

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are 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.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in 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 market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

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 School District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

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

Accounting 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 reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Interfund Activity (continued)

statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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.

Bond Premiums, Discounts and Issuance Costs

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

- 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 – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of 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

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School 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*. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

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

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

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 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 fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$1,359,456 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 1,233,379
Uninsured and Uncollateralized	126,077
	\$ 1,359,456

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 3. Reserve Accounts

Capital Reserve

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	345,146
Increased by:		
Interest Earnings		100
		345,246
Decreased by:		
Budget Withdrawals		(155,999)
Ending Balance, June 30, 2017	\$	189,247

Maintenance Reserve

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account 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. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 3. Reserve Accounts (continued)

Maintenance Reserve (continued)

Beginning Balance, July 1, 2016	\$	56,716
Increased by:		
Interest Earnings		25
		56,741
Ending Balance, June 30, 2017	\$	56,741

Emergency Reserve

An emergency reserve account was established for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	50,227
Increased by:		
Interest Earnings		25
		50,252
Ending Balance, June 30, 2017	\$	50,252

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 4. Accounts Receivable (continued)

Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

Description	Governmental Funds			Total Governmental Activities	Proprietary Funds		Total Business-Type Activities
	General Fund	Special Revenue Fund	Debt Service Fund		Food Service Fund	Other Funds	
Federal Awards	\$ -	\$ -	\$ -	\$ -	\$ 8,384	\$ -	\$ 8,384
State Awards	950	143,672	-	144,622	113	-	113
Intergovernmental	160,766	-	-	160,766	-	-	-
Other	-	-	-	-	52	-	52
Total	\$ 161,716	\$ 143,672	\$ -	\$ 305,388	\$ 8,549	\$ -	\$ 8,549

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
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	84,864	-	(9,500)	75,364
Capital Assets being depreciated:				
Site & Buildings	4,655,497	-	-	4,655,497
Machinery and Equipment	797,751	69,438	-	867,189
Total Capital Assets being depreciated	5,453,248	69,438	-	5,522,686
Less: Accumulated Depreciation:				
Site & Buildings	(1,706,656)	(118,165)	-	(1,824,821)
Machinery and Equipment	(418,304)	(54,140)	-	(472,444)
Total Accumulated Depreciation	(2,124,960)	(172,305)	-	(2,297,265)
Total Capital Assets being depreciated, net	3,328,288	(102,867)	-	3,225,421
Total Governmental Activities Capital Assets, net	\$ 3,413,152	\$ (102,867)	\$ (9,500)	\$ 3,300,785

Depreciation expense was not allocated among the various functions/programs of the School District.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 160,766	\$ 1,034
Special Revenue Fund	-	157,106
Food Service Fund	-	3,660
Payroll Agency Fund	1,034	1,205
Unemployment Fund	1,205	-
	<u>\$ 163,005</u>	<u>\$ 163,005</u>

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

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 10,000
Food Service Fund	10,000	-
	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
Capital Leases	208,404	9,156	104,692	112,868	106,730
Compensated Absences	220,837	6,792	-	227,629	-
Net Pension Liability	1,744,022	529,940	-	2,273,962	-
Fema Community Dis. Loan	1,043,805			1,043,805	
	<u>\$ 3,217,068</u>	<u>\$ 545,888</u>	<u>\$ 104,692</u>	<u>\$ 3,658,264</u>	<u>\$ 106,730</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Long-Term Obligations (continued)

For governmental activities compensated absences, capital leases, and net pension liability are liquidated by the general fund.

The District is obligated under certain leases accounted for as capital leases. Assets under capital leases total \$115,794. The following is a schedule of future minimum lease payments under capital leases as of June 30, 2017:

Fiscal Year Ending		
<u>June 30,</u>		
2018	\$	109,004
2019		2,298
2020		2,156
2021		2,156
2022		<u>180</u>
Total Minimum Lease Payments		115,794
Less: Amount Representing Interest		<u>(9,064)</u>
Present Value of Lease Payments	\$	<u>106,730</u>

FEMA Community Disaster Loan

On May 20, 2013, the Seaside Heights School District 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, 2017 in the governmental funds. This amount is reported as a long-term liability in the District Wide financial statements.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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.

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 2016, 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$2,273,962 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .00767% which was a decrease of .00009% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$244,734 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>PERS</u>	<u>PERS</u>
Differences between Expected and Actual Experience	\$ 42,289	\$ -
Changes of Assumptions	471,043	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	86,708	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	168,107	64,072
School District contributions subsequent to measurement date	61,623	-
	\$ 829,770	\$ 64,072

\$61,623 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

Year Ending Dec 31,	PERS
2017	\$ 163,624
2018	163,625
2019	181,548
2020	152,398
2021	42,881
	704,076
	\$ 704,076

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2016 are summarized in the following table:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

	PERS		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
	District's Proportionate Share of the Net Pension Liability	\$ 2,786,474	\$ 2,273,962

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

Collective Balances at December 31, 2017 and December 31, 2016

	<u>6/30/2017</u>	<u>6/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 768,147	\$ 442,197
Deferred Inflows of Resources	\$ 64,072	\$ 91,533
Net Pension Liability	\$ 2,273,962	\$ 1,744,022
School District's portion of the Plan's total net pension Liability	0.00768%	0.00777%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$11,034,003. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .01402% which was a decrease of .00021% from its proportion measured as of June 30, 2015.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$829,052 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
 Investment Rate of Return	 7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

	TPAF		
	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>13,177,065.00</u>	<u>11,034,003.00</u>	<u>9,283,916.00</u>
	<u>\$ 13,177,065.00</u>	<u>\$ 11,034,003.00</u>	<u>\$ 9,283,916.00</u>

Pension Plan Fiduciary Net Position - 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.

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local educational employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$5,662, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$2,986.

Note 9. State Post-Retirement Medical Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 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 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries (continued)

statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$173,660, \$144,698 and \$440, respectively.

Note 11. Risk Management

The School 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.

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School 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 trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ -	\$ 33	\$ 3,700	\$ 24,683
2015-2016	27,705	-	2	1,000	28,350
2014-2015	3,174		5	11,854	1,643

Property and Liability Insurance – The School 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.

Note 12. Contingencies

State and Federal Grantor Agencies - The School 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 School 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, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Economic Dependency – The School 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 School District’s programs and activities.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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:

Lincoln Financial
Equitable

Note 14. Compensated Absences

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$227,629 and \$0, respectively.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

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. Fund Balances

General Fund – Of the \$1,276,092 General Fund fund balance at June 30, 2017, \$189,247 has been restricted for the Capital Reserve Account; \$56,741 has been restricted for the Maintenance Reserve Account; \$50,252 has been restricted for the Emergency Reserve Account; \$469,904 has been restricted for excess surplus – designated for subsequent year’s expenditures; \$437,749 is assigned for excess surplus – designated for subsequent year’s expenditures; \$12,705 has been committed to other purposes; and \$49,494 has been unassigned.

Note 18. Deficit Fund Balances

The School District has a deficit fund balance of \$13,434 in the Special Revenue Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the fund statements (modified accrual basis) of \$13,434 is equal the last state aid payment.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$2,394,977 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 20. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2017 through the date of November 15, 2017, which is the date the financial statements were available to be issued. The District noted the following:

As of June 30, 2017 the District owed \$1,099,785 in interest and principal on the Community Disaster Loan (CDL). On July 5, 2017 FEMA cancelled \$744,280 in interest and principal. The Board budgeted \$200,000 in its 2017-2018 budget towards repayment of the loan which was made on July 28, 2017.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 2,748,368	\$ -	\$ 2,748,368	\$ 2,748,368	\$ -
Tuition	10-1300	5,000	-	5,000	-	(5,000)
Interest on Capital Reserve	10-1XXX	-	-	-	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	28,775	26,775
Total Local Sources		2,755,418	-	2,755,418	2,777,293	21,875
State Sources:						
School Choice Aid	10-3116	83,958	-	83,958	83,958	-
Categorical Transportation Aid	10-3121	11,203	-	11,203	11,203	-
Categorical Special Education Aid	10-3132	111,652	-	111,652	111,652	-
Equalization Aid	10-3176	214,549	-	214,549	214,549	-
Categorical Security Aid	10-3177	78,555	-	78,555	78,555	-
Adjustment Aid	10-3178	523,313	-	523,313	523,313	-
PARCC Readiness Aid	10-3190	1,950	-	1,950	1,950	-
Per Pupil Growth Aid	10-3190	1,950	-	1,950	1,950	-
Lead Testing Aid	10-3XXX	-	-	-	950	950
Professional Learning Community Aid	471,438	1,960	-	1,960	1,960	-
Reimbursed TPAF Social Security Contributions		-	-	-	127,104	127,104
On-Behalf TPAF Pension Contributions		-	-	-	173,660	173,660
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	144,698	144,698
On-Behalf TPAF Pension Contributions -LTD		-	-	-	440	440
Total State Sources		1,029,090	-	1,029,090	1,475,942	446,852
Total Revenues		3,784,508	-	3,784,508	4,253,235	468,727
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	149,922	1,000	150,922	150,761	161
Grades 1 - 5	11-120-100-101	753,610	27,350	780,960	780,210	750
Grades 6 - 8	11-130-100-101	79,816	(12,000)	67,816	66,213	1,603
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	5,000	(2,000)	3,000	-	3,000
Purchased Professional Services	11-150-100-320	5,000	(5,000)	-	-	-
Regular Programs - Undistributed:						
Other Salaries for Instruction	11-190-100-106	31,305	1,000	32,305	31,962	343
Purchased Professional-Educational Services	11-190-100-320	5,000	5,150	10,150	9,750	400
Other Purchased Services	11-190-100-500	5,000	6,800	11,800	11,463	337
General Supplies	11-190-100-610	40,000	39,298	79,298	73,891	5,407
Textbooks	11-190-100-640	5,000	-	5,000	4,846	154
Total Regular Programs		1,079,653	61,598	1,141,251	1,129,096	12,155
Special Education:						
Learning and/or Language Disabilities::						
Salaries of Teachers	11-204-100-101	189,125	23,000	212,125	164,017	48,108
Other Salaries for Instruction	11-204-100-106	127,596	(20,000)	107,596	102,934	4,662
General Supplies	11-204-100-610	2,000	-	2,000	-	2,000
Total Learning and/or Language Disabilities:		318,721	3,000	321,721	266,951	54,770
Resource Room:						
Salaries of Teachers	11-213-100-101	177,632	(89,000)	88,632	86,222	2,410
Total Resource Room		177,632	(89,000)	88,632	86,222	2,410
Total Special Education		496,353	(86,000)	410,353	353,173	57,180

**SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Bilingual Education:						
Salaries of Teachers	11-240-100-101	58,577	3,000	61,577	60,502	1,075
General Supplies	11-240-100-610	1,000	-	1,000	-	1,000
Total Bilingual Education		59,577	3,000	62,577	60,502	2,075
Summer School - Instruction:						
Salaries	11-422-100-101	30,000	(5,000)	25,000	13,970	11,030
Purchased Services	11-422-100-300	5,000	-	5,000	3,888	1,112
Supplies	11-422-100-610		5,000	5,000	150	4,850
Total Summer School - Instruction:		35,000	-	35,000	18,008	16,992
Total Instruction		1,670,583	(21,402)	1,649,181	1,560,779	88,402
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEA's - State Regular	11-000-100-561	-	25,000	25,000	24,747	253
Tuition to Private Schools - Disabled Within State	11-000-100-566	175,000	(78,000)	97,000	-	97,000
Total Undistributed Expenditures - Instruction		175,000	(53,000)	122,000	24,747	97,253
Attendance & Social Work Services:						
Salaries	11-000-211-100	49,571	5,000	54,571	54,070	501
Total Attendance & Social Work Services		49,571	5,000	54,571	54,070	501
Health Services:						
Salaries	11-000-213-100	75,729	3,200	78,929	78,877	52
Other Purchased Services	11-000-213-500	1,000	(200)	800	-	800
Supplies and Materials	11-000-213-600	2,500	700	3,200	2,865	335
Total Health Services		79,229	3,700	82,929	81,742	1,187
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	52,409	2,100	54,509	54,476	33
Purchased Professional - Educational Services	11-000-216-320	45,000	(15,200)	29,800	8,143	21,657
Supplies and Materials	11-000-216-600	1,000	800	1,800	1,454	346
Total Other Support Services - Students - Related Services		98,409	(12,300)	86,109	64,073	22,036
Other Support Services - Students - Extraordinary Services:						
Salaries	11-000-217-100	28,540	27,600	56,140	56,127	13
Total Other Support Services - Students - Extraordinary Services		28,540	27,600	56,140	56,127	13
Other Support Services - Guidance:						
Salaries of Other Professional Staff	11-000-218-104	-	52,000	52,000	51,400	600
Purchased Professional Services	11-000-218-320	45,000	(44,200)	800	442	358
Supplies and Materials	11-000-218-610	-	400	400	135	265
Total Other Support Services - Guidance		45,000	8,200	53,200	51,977	1,223
Other Support Services - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	105,505	7,000	112,505	111,607	898
Salaries of Secretarial & Clerical Assistants	11-000-219-105	41,329	500	41,829	41,721	108
Purchased Professional & Educational Services	11-000-219-320	20,000	22,800	42,800	31,980	10,820
Supplies & Materials	11-000-219-600	3,000	(500)	2,500	2,086	414
Total Other Support Services - Child Study Teams		169,834	29,800	199,634	187,394	12,240

**SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Improvement of Instruction Services/Other						
Support Services - Instruction Staff:						
Professional Services	11-000-221-320	25,000	9,000	34,000	33,905	95
Total Improvement of Instruction Services/Other		25,000	9,000	34,000	33,905	95
Educational Media Services/School Library:						
Salaries	11-000-222-100	52,409	5,000	57,409	56,016	1,393
Purchased Prof & Tech Services	11-000-222-300	2,000	(1,500)	500	415	85
Supplies and Materials	11-000-222-600	4,000	2,200	6,200	5,692	508
Total Educational Media Services/School Library		58,409	5,700	64,109	62,123	1,986
Support Services Instructional Staff Training Service:						
Purchased Prof - Ed Services	11-000-223-320	1,000	475	1,475	424	1,051
Other Purchased Services	11-000-223-580		825	825	820	5
Total Support Services Instructional Staff Training Services		1,000	1,300	2,300	1,244	1,056
Support Services General Administration:						
Salaries	11-000-230-100	14,566	(10,700)	3,866	3,695	171
Salaries of staff report to BOE	11-000-230-100	3,600	-	3,600	3,600	-
Legal Services	11-000-230-331	11,000	(5,000)	6,000	4,988	1,012
Audit Services	11-000-230-332	15,000	3,420	18,420	18,420	-
Other Purchased Professional Services	11-000-230-339	14,000	12,600	26,600	26,580	20
Other Purchased Services	11-000-230-440		-			-
Communications/Telephone	11-000-230-530	14,000	5,800	19,800	16,825	2,975
Other Purchased Services - BOE Travel	11-000-230-585		1,800	1,800	1,750	50
Other Purchased Services	11-000-230-590	12,000	(10,320)	1,680	1,596	84
General Supplies	11-000-230-610	5,000	(3,000)	2,000	1,809	191
Miscellaneous Expenditures	11-000-230-890	13,000	(4,100)	8,900	8,667	233
Total Support Services General Administration		102,166	(9,500)	92,666	87,930	4,736
Support Services School Administration:						
Salaries of Principals/Assistant Principals						
Principals	11-000-240-103	75,366	9,500	84,866	84,807	59
Salaries of Secretarial & Clerical Assistants						
Assistants	11-000-240-105	17,610	-	17,610	12,611	4,999
Supplies & Materials	11-000-240-600	2,000	-	2,000	836	1,164
Total Support Services School Administration		94,976	9,500	104,476	98,254	6,222
Central Services:						
Salaries	11-000-251-100	21,771	-	21,771	11,062	10,709
Miscellaneous Purchased Services	11-000-251-592	25,000	3,500	28,500	28,473	27
Supplies & Materials	11-000-251-600	3,000	(1,900)	1,100	797	303
Miscellaneous	11-000-251-890	-	500	500	225	275
Total Central Services		49,771	2,100	51,871	40,557	11,314
Administrative Information Technology:						
Salaries	11-000-252-100	10,240	-	10,240	10,000	240
Purchased Technical Services	11-000-252-340	17,000	5,400	22,400	20,780	1,620
Supplies & Materials	11-000-252-600	7,500	(5,000)	2,500	738	1,762
Total Administrative Information Technology		34,740	400	35,140	31,518	3,622

**SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	24,269	16,525	40,794	40,791	3
Cleaning, Repair & Maintenance Services	11-000-261-420	37,000	(9,140)	27,860	25,016	2,844
Lead Testing of Drinking Water	11-000-261-421	-	1,140	1,140	1,140	-
General Supplies	11-000-261-610	9,000	(6,000)	3,000	411	2,589
Total Required Maintenance for School Facilities		70,269	2,525	72,794	67,358	5,436
Custodial Services:						
Salaries	11-000-262-100	68,447	2,800	71,247	71,073	174
Salaries of Non-Instructional Aids	11-000-262-107	12,288	(4,825)	7,463	6,528	935
Cleaning, Repair & Maintenance Services	11-000-262-420	5,000	1,800	6,800	4,675	2,125
Insurance	11-000-262-520	38,300	(3,800)	34,500	34,457	43
General Supplies	11-000-262-610	15,000	(4,000)	11,000	10,957	43
Energy (Heat & Electricity)	11-000-262-622	60,000	20,000	80,000	75,734	4,266
Total Custodial Services		199,035	11,975	211,010	203,424	7,586
Care & Upkeep of Grounds						
Purchased Professional and Tech. Services	11-000-263-300	7,500	39,000	46,500	46,035	465
General Supplies	11-000-263-610	-	1,000	1,000	946	54
Total Care & Upkeep of Grounds		7,500	40,000	47,500	46,981	519
Security						
Purchased Professional & Technical Services	11-000-266-300	25,000	-	25,000	20,625	4,375
Total Security		25,000	-	25,000	20,625	4,375
Student Transportation Services:						
Salaries	11-000-270-161	25,600	-	25,600	24,124	1,476
Purchased Services	11-000-270-390	1,500	-	1,500	627	873
Aid in Lieu - Non Public	11-000-270-503	884	-	884	-	884
Contracted Services (Between Home & School) - Vendors	11-000-270-511	30,000	14,000	44,000	30,143	13,857
Contracted Services (Special Education) Joint agreements	11-000-270-515	30,000	(21,000)	9,000	8,087	913
Total Student Transportation Services		87,984	(7,000)	80,984	62,981	18,003
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	95,000	(7,000)	88,000	87,059	941
Other Retirement Contributions - Regular	11-000-291-241	73,000	(500)	72,500	71,484	1,016
Other Retirement Contributions	11-000-291-242	6,000	-	6,000	3,781	2,219
Other Retirement Contributions	11-000-291-249	2,000	2,500	4,500	4,121	379
Unemployment Benefits	11-000-291-250	5,000	(5,000)	-	-	-
Workman's Compensation	11-000-291-260	33,000	(5,500)	27,500	27,302	198
Health Benefits	11-000-291-270	756,329	(72,450)	683,879	676,462	7,417
Tuition Reimbursement	11-000-291-280	6,000	(1,000)	5,000	3,120	1,880
Other Employee Benefits	11-000-291-290	50,000	(1,500)	48,500	48,177	323
Total Unallocated Benefits - Employee Benefits		1,026,329	(90,450)	935,879	921,506	14,373
Nonbudgeted:						
Reimbursed TPAF Social Security Contributions		-	-	-	127,104	(127,104)
On-Behalf TPAF Pension Contributions		-	-	-	173,660	(173,660)
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	144,698	(144,698)
On-Behalf TPAF Pension Contributions - LTD		-	-	-	440	(440)
Total Nonbudgeted		-	-	-	445,902	(445,902)
Total Undistributed Expenditures		2,427,762	(15,450)	2,412,312	2,644,438	(232,126)
Total Expenditures - Current Expense		4,098,345	(36,852)	4,061,493	4,205,217	(143,724)

**SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Equipment:						
Information Technology	12-000-252-730	-	29,466	29,466	29,466	-
Maintenance	12-000-262-730	50,000	(50,000)	-	-	-
Total Equipment		50,000	(20,534)	29,466	29,466	-
Facilities Acquisition & Construction Services:						
Assessment for Debt Service on SDA funding	12-000-400-896	1,824	-	1,824	1,824	-
Architect & Engineering Services	12-000-400-334	25,000	50,000	75,000	45,202	29,798
Lease Purchase	12-000-400-721	105,999	-	105,999	105,999	-
Total Facilities Acquisition & Construction Services		132,823	50,000	182,823	153,025	29,798
Assets Acquired Under Capital Leases (NonBudgeted)		-	-	-	9,156	(9,156)
Total Capital Outlay		182,823	29,466	212,289	191,647	20,642
Total Expenditures		4,281,168	(7,386)	4,273,782	4,396,864	(123,082)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(496,660)	7,386	(489,274)	(143,629)	345,645
Other Financing Sources/(Uses):						
Capital Leases		-	-	-	9,156	9,156
Transfer to Food Service Fund		-	(18,000)	(18,000)	(10,000)	8,000
Total Other Financing Sources/(Uses)		-	(18,000)	(18,000)	(844)	17,156
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)		(496,660)	(10,614)	(507,274)	(144,473)	362,801
Fund Balances, July 1		1,523,318	-	1,523,318	1,523,318	-
Fund Balances, June 30		<u>\$ 1,026,658</u>	<u>\$ (10,614)</u>	<u>\$ 1,016,044</u>	<u>\$ 1,378,845</u>	<u>\$ 362,801</u>

RECAPITULATION OF TRANSFERS:

Rollover Encumbrances from Prior Year	<u>10,614</u>
Total Transfers	<u>\$ -</u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Capital Reserve Account	\$ 58,248
Capital Reserve Account - Designated for Subsequent Years Expenditures	130,999
Maintenance Reserve Account	56,741
Emergency Reserve	50,252
Excess Surplus - Designated for Subsequent Years Expenditures	469,904
Committed Fund Balance:	
Year-end Encumbrances	12,705
Assigned Fund Balance:	
Designated for Subsequent Years Expenditures	437,749
Unassigned Fund Balance	<u>162,247</u>
Subtotal	1,378,845
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(102,753)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 1,276,092</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Federal Sources	\$ 276,708	\$ 197,135	\$ 473,843	\$ 426,680	\$ (47,163)
State Sources	134,541	-	134,541	134,541	-
Other Sources	-	1,237	1,237	1,237	-
Total Revenues	411,249	198,372	609,621	562,458	(47,163)
Expenditures:					
Instruction:					
Salaries of Teachers	155,967	133,386	289,353	282,923	6,430
Other Salaries for Instruction	25,519	133	25,652	25,652	-
Tuition	72,393	92,408	164,801	153,811	10,990
General Supplies	10,707	8,085	18,792	16,310	2,482
Total Instruction	264,586	234,012	498,598	478,696	19,902
Support Services:					
Salaries of Other Professional Staff	18,842	-	18,842	18,842	-
Personal Services - Employee Benefits	113,208	(52,515)	60,693	60,693	-
Purchased Professional - Tech Services	14,613	15,638	30,251	2,990	27,261
Other Professional Services		1,237	1,237	1,237	-
Total Support Services	146,663	(35,640)	111,023	83,762	27,261
Total Expenditures	411,249	198,372	609,621	562,458	47,163
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**SEASIDE HEIGHTS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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)	\$ 4,253,235	\$ 562,458
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	47
Current Year	-	-
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	 99,444	 9,487
 State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	 (102,753)	 (13,434)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 4,249,926	\$ 558,558
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,396,864	\$ 562,458
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	47
Current Year	-	-
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 4,396,864	\$ 562,505

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

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
District's proportion of the net pension liability (asset)	0.00768%		0.00777%		0.00643%		0.00691%
District's proportionate share of the net pension liability (asset)	\$ 2,273,962	\$	1,744,022	\$	1,203,191	\$	1,320,297
District's covered-employee payroll	\$ 510,639	\$	471,277	\$	457,446	\$	519,008
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	445.32%		370.06%		263.02%		254.39%
Plan fiduciary net position as a percentage of the total pension liability	40.14%		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 SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 61,623	\$ 68,209	\$ 66,794	\$ 57,978
Contributions in relation to the contractually required contribution	<u>61,623</u>	<u>68,209</u>	<u>66,794</u>	<u>57,978</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 510,639	\$ 471,277	\$ 457,446	\$ 519,008
Contributions as a percentage of covered-employee payroll	12.07%	14.47%	14.60%	11.17%

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

	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.01402%	0.01424%	0.01428%	0.01397%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 11,034,003	\$ 9,001,264	\$ 7,632,847	\$ 7,062,221
District's covered-employee payroll	\$ 1,762,862	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	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.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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

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**SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NO CHILD LEFT BEHIND		PRESCHOOL EDUCATION AID	I.D.E.A.	
	TITLE I	TITLE II PART A		PART B FY 2017	PRESCHOOL FY 2017
Revenues:					
Federal Sources	\$ 305,130	\$ 22,846	\$ -	\$ 82,394	\$ 2,755
State Sources	-	-	134,541	-	-
Local Sources	-	-	-	-	-
Total Revenues	\$ 305,130	\$ 22,846	\$ 134,541	\$ 82,394	\$ 2,755
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 195,787	\$ 15,759	\$ 71,377	\$ -	\$ -
Other Salaries for Instruction	-	-	25,652	-	-
Tuition	-	-	-	82,394	-
General Supplies	-	-	-	-	2,755
Total Instruction	195,787	15,759	97,029	82,394	2,755
Support Services:					
Salaries of Other Professional Staff	-	-	18,842	-	-
Personal Services - Employee Benefits	37,926	4,097	18,670	-	-
Purchased Professional - Tech Services	71,417	2,990	-	-	-
Total Support Services	109,343	7,087	37,512	-	-
Total Expenditures	\$ 305,130	\$ 22,846	\$ 134,541	\$ 82,394	\$ 2,755

**SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	INSURANCE GRANT	NLCB TITLE III	TOTAL
Revenues:			
Federal Sources	\$ -	\$ 13,555	\$ 426,680
State Sources	-	-	134,541
Local Sources	1,237	-	1,237
	<hr/>		
Total Revenues	<u>\$ 1,237</u>	<u>\$ 13,555</u>	<u>\$ 562,458</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ -	\$ -	\$ 282,923
Other Salaries for Instruction	-	-	25,652
Tuition	-	-	82,394
General Supplies	-	13,555	16,310
	<hr/>		
Total Instruction	<u>-</u>	<u>13,555</u>	<u>407,279</u>
Support Services:			
Salaries of Other Professional Staff	-	-	18,842
Personal Services - Employee Benefits	-	-	60,693
Purchased Professional - Tech Services	1,237	-	75,644
	<hr/>		
Total Support Services	<u>1,237</u>	<u>-</u>	<u>155,179</u>
Total Expenditures	<u>\$ 1,237</u>	<u>\$ 13,555</u>	<u>\$ 562,458</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 71,377	\$ 71,377	\$ -
Other Salaries of Instruction	25,652	25,652	-
Total Instruction	<u>97,029</u>	<u>97,029</u>	<u>-</u>
Support Services:			
Salaries of Supervisors of Instruction	18,842	18,842	-
Employee Benefits	18,670	18,670	-
Total Support Services	<u>37,512</u>	<u>37,512</u>	<u>-</u>
Total Expenditures	<u>\$ 134,541</u>	<u>\$ 134,541</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2016-2017 Preschool Education Aid Allocation	\$ 134,541
Add: Actual Preschool Education Aid Carryover (June 30, 2016)	-
Add: Additional Preschool Education Aid	<u>-</u>
Total Preschool Education Aid Funds Available for 2016-2017 Budget	134,541
Less: 2016-2017 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(134,541)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-
Add: JUNE 30, 2017 Unexpended Preschool Education Aid Funds	<u>-</u>
2016-2017 Carryover - Preschool Education Aid Funds	<u>-</u>
2016-2017 Preschool Education Aid Funds Carryover Budgeted in 2017-2018	<u>\$ -</u>

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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 SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

ASSETS	FOOD SERVICE FUND	TOTAL
Current Assets:		
Cash & Cash Equivalents	\$ 1,001	\$ 1,001
Receivable:		
Local	52	52
Federal	8,384	8,384
State	113	113
	<hr/>	<hr/>
Total Current Assets	9,550	9,550
	<hr/>	<hr/>
Total Assets	9,550	9,550
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Interfund Payable	3,660	3,660
	<hr/>	<hr/>
Total Current Liabilities	3,660	3,660
	<hr/>	<hr/>
NET POSITION		
Unrestricted	5,890	5,890
	<hr/>	<hr/>
Total Net Position	\$ 5,890	\$ 5,890
	<hr/> <hr/>	<hr/> <hr/>

**SEASIDE HEIGHTS SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2017**

	FOOD SERVICE FUND	TOTAL
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ -	\$ -
Total Operating Revenue	<u>-</u>	<u>-</u>
Operating Expenses:		
Salaries	14,377	14,377
Supplies and Materials	18,477	18,477
Cost of Sales - Reimbursable	<u>130,113</u>	<u>130,113</u>
Total Operating Expenses	<u>162,967</u>	<u>162,967</u>
Operating/(Loss)/Gain	<u>(162,967)</u>	<u>(162,967)</u>
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Lunch Program	1,549	1,549
Federal Sources:		
School Breakfast Program	31,751	31,751
National School Lunch Program	89,540	89,540
National School PB Program	1,689	1,689
Fresh Fruit & Vegetable Program	11,649	11,649
Equipment Assistance Grant	6,800	6,800
Food Distribution Program	13,130	13,130
Miscellaneous	<u>60</u>	<u>60</u>
Total Nonoperating Revenues/(Expenses)	<u>156,168</u>	<u>156,168</u>
Other Financing Sources Over/(Under)		
Transfers In	<u>10,000</u>	<u>10,000</u>
Total Other Financing Sources Over/(Under)	<u>10,000</u>	<u>10,000</u>
Net (Loss)/Income	3,201	3,201
Total Net Position - Beginning	<u>2,689</u>	<u>2,689</u>
Total Net Position - Ending	<u>\$ 5,890</u>	<u>\$ 5,890</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2017**

	FOOD SERVICE FUND	TOTAL
Cash Flows From Operating Activities:		
Receipts from Customers	\$ -	\$ -
Payments to Employees	(14,377)	(14,377)
Payments to Suppliers	(143,867)	(143,867)
	<u>(158,244)</u>	<u>(158,244)</u>
Net Cash From Operating Activities		
Cash Flows From Noncapital Financing Activities:		
State Sources	1,536	1,536
Federal Sources	140,073	140,073
Other Sources	(52)	(52)
Transfers from Other Funds	10,000	10,000
	<u>151,557</u>	<u>151,557</u>
Net Cash From Noncapital Financing Activities		
Cash Flows From Investing Activities:		
Interest	60	60
	<u>60</u>	<u>60</u>
Net Cash From Investing Activities		
Net Change in Cash & Cash Equivalents	(6,627)	(6,627)
Cash and Cash Equivalents, July 1	7,628	7,628
	<u>7,628</u>	<u>7,628</u>
Cash & Cash Equivalents, June 30	<u>\$ 1,001</u>	<u>\$ 1,001</u>

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

Cash From Operating Activities:		
Operating Loss	\$ (162,967)	\$ (162,967)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:		
Food Distribution Program	13,130	13,130
Change in Assets & Liabilities:		
Increase/(Decrease) in Interfund (Receivable)/Payable	(8,407)	(8,407)
	<u>4,723</u>	<u>4,723</u>
Total Adjustments		
Net Cash From Operating Activities	<u>\$ (158,244)</u>	<u>\$ (158,244)</u>

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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

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

Student Activity Fund: This Agency Fund is used to account for student funds held at the schools.

Payroll Fund: This Agency Fund is used to account for the payroll transactions of the School District.

Private Purpose Trust Funds:

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

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**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	AGENCY PAYROLL	
Cash & Cash Equivalents	\$ 23,478	\$ 96,824	\$ 120,302
Due from Other Funds	1,205	1,034	2,239
Total Assets	24,683	97,858	122,541
LIABILITIES			
Payroll Deductions & Withholdings	-	96,653	96,653
Interfunds Payable	-	1,205	1,205
Total Liabilities	-	97,858	97,858
NET POSITION			
Reserved:			
Unemployment Benefits	24,683	-	24,683
Total Net Position	\$ 24,683	\$ -	\$ 24,683

**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	PRIVATE PURPOSE <u>UNEMPLOYMENT COMPENSATION</u> TRUST	TOTAL
ADDITIONS:		
Interest Earned	\$ 33	\$ 33
Total Additions	<u>33</u>	<u>33</u>
DEDUCTIONS:		
Disbursements	<u>3,700</u>	<u>3,700</u>
Total Deductions	<u>3,700</u>	<u>3,700</u>
Change in Net Position	(3,667)	(3,667)
Net Position - Beginning of Year	<u>28,350</u>	<u>28,350</u>
Net Position - End of Year	<u>\$ 24,683</u>	<u>\$ 24,683</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS & LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 97,853	\$ 3,086,030	\$ 3,087,059	\$ 96,824
Due from Other Funds	459	575	-	1,034
	<hr/>			
Total Assets	\$ 98,312	\$ 3,086,605	\$ 3,087,059	\$ 97,858
	<hr/> <hr/>			
LIABILITIES				
Net Payroll Deductions & Withholdings	\$ 95,607	\$ 3,088,825	\$ 3,087,779	\$ 96,653
Due to Other Funds	2,705	-	1,500	1,205
	<hr/>			
Total Liabilities	\$ 98,312	\$ 3,088,825	\$ 3,089,279	\$ 97,858
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I. Long-Term Debt

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

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**SEASIDE HEIGHTS SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2017**

SERIES	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2016	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2017
Roof Project	1.70%	\$ 504,000	\$ 206,711	\$ -	\$ 102,484	\$ 104,227
Copier-FY14	Variable	3,183	1,693	-	747	946
Copier-FY17	Variable	9,156	-	9,156	1,461	7,695
Total			\$ 208,404	\$ 9,156	\$ 104,692	\$ 112,868

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STATISTICAL SECTION (Unaudited)

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FINANCIAL TRENDS/INFORMATION SCHEDULES

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SEASIDE HEIGHTS SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 3,187,917	\$ 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
Restricted for:										
Debt Service	-	-	-	-	(9,489)	(4,815)	(6,505)	(8,523)	(10,477)	(11,244)
Other Purposes	710,084	411,384	432,616	684,838	1,604,637	1,245,027	1,110,926	1,107,642	1,601,970	1,237,382
Unrestricted	(2,344,807)	(1,695,702)	(2,233,152)	(716,945)	(89,915)	(104,259)	(51,833)	(254,539)	(330,808)	(40,441)
Total Governmental Activities	\$ 1,553,194	\$ 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
Business-Type Activities:										
Unrestricted	5,890	2,689	37	251	14,799	590	590	22,911	3,501	31,343
Total Business-Type Activities	\$ 5,890	\$ 2,689	\$ 37	\$ 251	\$ 14,799	\$ 590	\$ 590	\$ 22,911	\$ 3,501	\$ 31,343
District-Wide:										
Invested in Capital Assets,										
Net of Related Debt	\$ 3,187,917	\$ 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
Restricted:										
Debt Service	-	-	-	-	(9,489)	(4,815)	(6,505)	(8,523)	(10,477)	(11,244)
Other Purposes	710,084	411,384	432,616	684,838	1,604,637	1,245,027	1,110,926	1,107,642	1,601,970	1,237,382
Unrestricted	(2,338,917)	(1,693,013)	(2,233,115)	(716,694)	(75,116)	(103,669)	(51,243)	(231,628)	(327,307)	(9,098)
Total District Net Position	\$ 1,559,084	\$ 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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 1,607,792	\$ 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
Special Education	353,173	440,289	332,050	338,961	303,797	347,883	279,473	267,009	259,138	210,827
Other Special Education	60,502	57,204	55,927	90,140	60,346	50,931	73,670	69,540	65,319	28,412
Other Instruction	18,008	25,456	75,587	-	-	-	-	-	-	-
Support Services & Undistributed Costs:										
Tuition	24,747	32,306	159,916	132,077	129,859	200,375	122,601	178,553	160,769	92,343
Attendance and Social Work Services	-	-	-	-	-	30,472	30,303	31,421	42,738	41,825
Health Services	-	-	-	-	-	67,751	70,992	62,387	62,523	59,555
Student & Instruction Related Services	676,464	616,765	645,812	599,132	523,056	475,331	446,863	450,866	400,874	316,963
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
Instructional Staff Training	-	-	-	-	-	665	851	166	2,911	166
School Administrative Services	98,254	110,395	91,023	125,158	121,243	37,896	37,984	53,313	36,086	36,014
General Administrative Services	87,930	92,028	89,677	129,445	130,595	142,200	149,649	147,954	183,019	191,379
Central Services	40,557	36,104	38,113	33,914	25,211	41,772	34,979	41,089	42,417	39,420
Administrative Information Technology	31,518	37,416	55,995	29,718	28,418	25,266	21,025	20,201	41,499	41,461
Plant Operations & Maintenance	338,388	305,674	287,790	1,199,796	601,634	232,651	253,420	247,517	227,244	252,663
Pupil Transportation	62,981	116,039	104,021	62,423	38,252	56,798	41,057	58,370	48,528	31,878
Business & Other Support Services	-	-	-	-	-	-	-	-	-	-
Unallocated Benefits	2,205,772	1,820,944	1,546,013	1,052,905	1,173,004	1,105,323	972,283	985,038	873,727	879,134
Interest on Long-Term Debt	18,486	21,741	22,517	14,099	11,941	10,222	14,377	18,778	24,159	27,320
Reduction of Capital Leases	-	-	-	-	-	-	-	-	-	-
Unallocated Compensated Absences	-	-	-	-	-	(44,383)	(21,323)	25,731	6,893	119,219
Unallocated Adjustment to Fixed Assets	23,886	-	(85,806)	-	-	-	-	-	-	-
Unallocated Depreciation	172,305	199,299	196,340	171,074	55,940	64,020	64,020	65,289	76,235	87,402
Total Governmental Activities Expenses	5,820,763	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
Business-Type Activities:										
Food Service	162,967	136,294	145,964	129,386	103,784	148,012	125,257	104,567	149,886	111,608
Total Business-Type Activities Expense	162,967	136,294	145,964	129,386	103,784	148,012	125,257	104,567	149,886	111,608
Total District Expenses	\$ 5,983,730	\$ 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
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 1,674,562	\$ 1,126,360	\$ 1,059,347	\$ 719,951	\$ 759,796	\$ 487,641	\$ 574,746	\$ 565,163	\$ 475,568	\$ 762,188
Operating Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,674,562	1,126,360	1,059,347	719,951	759,796	487,641	574,746	565,163	475,568	762,188

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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
Operating Grants & Contributions	156,168	120,374	122,512	108,750	108,209	122,446	97,070	116,399	115,609	107,194
Total Business-Type Activities Program Revenues	156,168	121,946	124,850	109,838	112,613	127,392	102,936	123,977	122,044	114,017
Total District Program Revenues	\$ 1,830,730	\$ 1,248,306	\$ 1,184,197	\$ 829,789	\$ 872,409	\$ 615,033	\$ 677,682	\$ 689,140	\$ 597,612	\$ 876,205
Net/(Expense)/Revenue:										
Governmental Activities	\$ (4,146,201)	\$ (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)
Business-Type Activities	(6,799)	(14,348)	(21,114)	(19,548)	8,829	(20,620)	(22,321)	19,410	(27,842)	2,409
Total District-Wide Net Expense	\$ (4,153,000)	\$ (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)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	\$ 2,748,368	\$ 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
Taxes Levied for Debt Service	-	-	-	108,326	109,550	110,765	112,028	108,472	109,722	109,305
Tuition	-	2,192	7,883	9,262	1,080	16,941	41,046	7,833	-	7,195
Federal & State Aid Not Restricted	1,010,344	1,466,553	1,029,671	963,828	830,097	1,087,519	969,734	806,905	1,048,941	891,227
Investment Earnings	150	150	150	125	200	97	1,466	1,973	614	52,170
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	30,012	39,186	96,549	233,480	20,305	10,884	27,463	41,121	14,868	18,548
Transfers	(10,000)	(17,000)	(20,900)	(5,000)	(5,000)	(21,000)	-	-	-	-
Gain on Revaluation of Assets	-	-	-	-	-	-	-	-	-	122,885
Total Governmental Activities	3,778,874	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
Business-Type Activities:										
Transfers	10,000	17,000	20,900	5,000	5,000	21,000	-	-	-	-
Total Business-Type Activities	10,000	17,000	20,900	5,000	5,000	21,000	-	-	-	-
Total District-Wide	\$ 3,788,874	\$ 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
Change in Net Position:										
Governmental Activities	\$ (367,327)	\$ 444,529	\$ (208,941)	\$ (1,271,165)	\$ 1,012,756	\$ 144,887	\$ 266,615	\$ (356,612)	\$ 116,718	\$ 322,687
Business-Type Activities	3,201	2,652	(214)	(14,548)	13,829	380	(22,321)	19,410	(27,842)	2,409
Total District	\$ (364,126)	\$ 447,181	\$ (209,155)	\$ (1,285,713)	\$ 1,026,585	\$ 145,267	\$ 244,294	\$ (337,202)	\$ 88,876	\$ 325,096

SEASIDE HEIGHTS SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Reserved	\$ 1,216,598	\$ 1,273,318	\$ 758,929	798,271	1,684,028	1,253,207	1,209,750	1,116,127	1,611,086	954,131
Unreserved	59,494	150,556	58,624	130,749	144,059	167,160	174,679	85,070	(14,446)	549,012
Total General Fund	\$ 1,276,092	\$ 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
All Other Governmental Funds										
Unreserved, Reported in:										
Special Revenue Fund	\$ (13,434)	\$ (9,487)	\$ (9,769)	\$ (13,433)	\$ (13,094)	\$ (8,180)	\$ (9,498)	\$ (8,485)	\$ (9,116)	\$ (9,552)
Capital Projects Fund	-	-	-	-	277,741	-	-	-	-	15,303
Debt Service Fund	-	-	-	-	-	-	-	2	2	1
Total All Other Governmental Funds	\$ (13,434)	\$ (9,487)	\$ (9,769)	\$ (13,433)	\$ 264,647	\$ (8,180)	\$ (9,498)	\$ (8,483)	\$ (9,114)	\$ 5,752

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax levy	\$ 2,748,368	\$ 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
Tuition charges	-	2,192	7,883	9,264	1,080	16,941	41,046	7,833	-	7,195
Interest	150	150	150	125	200	97	1,466	1,973	614	52,170
Miscellaneous	30,012	39,186	96,549	233,466	20,305	10,884	27,463	41,121	14,868	18,548
State Sources	1,603,227	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
Federal Sources	426,727	654,787	296,489	264,788	286,802	406,300	451,093	482,795	334,206	369,206
Total revenue	4,808,484	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
Expenditures										
Instruction:										
Regular Instruction	1,607,792	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
Special Education Instruction	353,173	440,289	332,050	338,961	303,797	347,883	279,473	267,009	259,138	210,827
Other Special Instruction	60,502	57,204	55,927	90,140	60,346	50,931	73,670	69,540	65,319	28,412
Other Instruction	18,008	25,456	75,587	-	-	-	-	-	-	-
Support Services & Undistributed Costs:										
Tuition	24,747	32,306	159,916	132,077	129,859	200,375	122,601	178,553	160,769	92,343
Attendance and Social Work Services	-	-	-	-	-	30,472	30,303	31,421	42,738	41,825
Health Services	-	-	-	-	-	67,751	70,992	62,387	62,523	59,555
Student & Instruction Related Services	676,464	616,765	645,812	599,132	523,056	475,331	446,863	450,866	400,874	316,963
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
Instructional Staff Training	-	-	-	-	-	665	851	166	2,911	166
General Administrative Services	98,254	110,395	91,023	129,445	130,595	142,200	149,649	147,954	183,019	191,379
School Administrative Services	87,930	92,028	89,677	125,158	121,243	37,896	37,984	53,313	36,086	36,014
Central Services	40,557	36,104	38,113	33,914	25,211	41,772	34,979	41,089	42,417	39,420
Administrative Information Technology	31,518	37,416	55,995	29,718	28,418	25,266	21,025	20,201	41,499	41,461
Plant Operations & Maintenance	338,388	305,674	287,790	1,199,796	1,178,045	229,703	251,938	247,517	227,244	252,663
Pupil Transportation	62,981	116,039	104,021	62,423	38,252	56,798	41,057	58,370	48,528	31,878
Business & Other Support Services	1,367,408	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
Debt Service:										
Principal	-	-	-	131,975	128,680	125,542	122,627	119,855	117,281	114,746
Interest	-	-	-	2,451	7,267	11,912	16,397	20,732	24,925	28,983
Capital Outlay	191,647	133,968	346,920	651,331	227,442	2,948	1,482	4,927	-	44,700
Total Expenditures	4,959,369	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

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

EXHIBIT J-4
(PAGE 2 of 2)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(150,885)	273,244	(531,911)	(1,952,892)	(795,085)	58,256	182,217	(394,812)	79,315	242,830
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	9,156	-	-	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	(10,000)	(17,000)	(20,900)	(19,916)	(5,000)	(21,000)	-	-	(14,619)	-
Total Other Financing Sources/ (Uses)	(844)	333,359	424,108	775,745	1,475,632	(21,000)	-	-	-	-
Net Change in Fund Balances	\$ (151,729)	\$ 606,603	\$ (107,803)	\$ (1,177,147)	\$ 680,547	\$ 37,256	\$ 182,217	\$ (394,812)	\$ 79,315	\$ 242,830

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
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
2017	\$ 150	N/A	\$ -	28,775	\$ 28,925
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

Source: District records

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REVENUE CAPACITY INFORMATION

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**SEASIDE HEIGHTS SCHOOL DISTRICT
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
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	25,230,100	393,639,500	186,208,200	-	28,345,200	633,423,000	69,658,800	-	703,081,800	0.884	637,374,723
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

Abstract of Ratables - Ocean County

**SEASIDE HEIGHTS SCHOOL DISTRICT
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	
2017	0.431	0.435	N/A	N/A	N/A
2016	0.450	0.434	0.930	0.398	2.212
2015	0.380	0.427	0.901	0.427	2.135
2014	0.264	0.390	0.866	0.435	1.955
2013	0.267	0.328	0.813	0.349	1.757
2012	0.270	0.333	0.333	0.325	1.261
2011	0.289	0.312	0.544	0.326	1.471
2010	0.296	0.302	0.516	0.264	1.378
2009	0.298	0.265	0.440	0.250	1.253
2008	0.287	0.265	0.357	0.248	1.157

Source: Municipal Tax Collector

**SEASIDE HEIGHTS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
Unaudited**

	2017			2008	
	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
Seaside Hts Imp & Dev Co inc	5,396,000	0.77%	4	N/A	N/A
Shree Atlantic Hospitality LLC	5,228,800	0.74%	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	3,700,000	0.53%	8	N/A	N/A
Boulevard LLC	3,419,200	0.49%	9	N/A	N/A
Coin Castle Amusements	3,400,000	0.48%	10	N/A	N/A
Total	\$ 69,178,200	9.84%		N/A	N/A

Source: Municipal Tax Assessor

**SEASIDE HEIGHTS SCHOOL DISTRICT
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	
2017	\$ 2,748,368	\$ 2,748,368	100%	-
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%	-

DEBT CAPACITY INFORMATION

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**SEASIDE HEIGHTS SCHOOL DISTRICT
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		
2017	\$ -	N/A	\$ 112,868	\$ 112,868	N/A
2016	-	N/A	208,869	208,869	N/A
2015	-	N/A	309,869	309,869	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%

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

SEASIDE HEIGHTS SCHOOL DISTRICT
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		
2017	\$ -	N/A	\$ -	0.00%	N/A
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

SEASIDE HEIGHTS SCHOOL DISTRICT
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	\$26,523,465	100.000%	\$ 26,523,465
Central Reigonal School District	\$2,598,000	9.11%	236,677.80
Ocean County General Obligation Debt	\$451,253,286	0.669%	<u>3,018,978</u>
Subtotal, Overlapping Debt			29,779,121
Seaside Heights School District Direct Debt		100.000%	<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$ 29,779,121</u></u>

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
Unaudited**

	2017	2016	2015	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 22,575,426	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Net Debt Applicable to Limit	\$ 22,575,426	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal Debt Margin		2.97%	2.97%	N/A	N/A	N/A	N/A	N/A	5.87%	6.60%
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit										

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized Valuation Basis	
	Seaside Heights	Total
Average Equalized Valuation of Taxable Personal Services -		
Debt Limit (3.5 % of Average Equalization Value)	637,374,723	637,376,738
Net Bonded School Debt	641,584,606	641,584,606
Legal Debt Margin	656,075,195	656,075,195
	\$ 1,935,036,539	
	\$ 645,012,180	
	22,575,426	
	\$ 22,575,426	

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 SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
Unaudited**

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2017	N/A	N/A	N/A
2016	2,896	46,109	7.80%
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%

^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.

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OPERATING INFORMATION

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

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	17	17	19	19	18	17	16	16	16	15
Special Education	12	12	4	4	4	7	11	11	11	11
Other Special Education			4	5	5	1	2	2	2	2
Support Services:										
Student & Instruction Related Services	10	8	8	7	7	10	4	4	4	3
School Administrative Services	2	1	1	2	2	1	1	1	1	1
General & Business Administrative Services	1	1	1	1	1	2	4	4	4	6
Plant Operations & Maintenance	3	3	3	4	4	3	3	3	3	2
Total	45	42	40	42	41	41	41	41	41	40

Source: District Personnel Records

**SEASIDE HEIGHTS SCHOOL DISTRICT
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 (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY SCHOOL	SCHOOL				
2017	199	\$ 4,767,722	\$ 23,958	12.96%	24	8.3	213.3	197.4	-0.19%	92.55%	
2016	198	4,527,353	22,865	7.81%	24	8.3	213.7	196.7	-5.69%	92.04%	
2015	211	4,475,223	21,210	-14.27%	24	8.9	226.6	206	11.08%	90.86%	
2014	207	5,121,156	24,740	18.36%	24	9	204.0	184	23.64%	90.20%	
2013	232	4,849,335	20,902	18.90%	24	9	165.0	147	-26.67%	89.09%	
2012	232	4,078,654	17,580	0.12%	29	8	225.0	204	2.74%	90.67%	
2011	223	3,915,553	17,559	-2.18%	29	7	219.0	199	-2.23%	90.87%	
2010	222	3,984,931	17,950	-0.10%	29	8	224.0	204	10.89%	91.07%	
2009	201	3,611,589	17,968	5.33%	29	7	202.0	185	-3.81%	91.58%	
2008	212	3,616,515	17,059	8.22%	26	8	210.0	197	#REF!	93.81%	

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 SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR
Unaudited**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	211	207	232	232	212	222	201	212

Number of Schools at JUNE 30, 2017:
 Elementary = 1
 Middle School = 0
 Senior High School = 0
 Other = 0

Source: Board 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 SCHOOL DISTRICT
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
2017	\$ 67,358	\$ 67,358
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

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 SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2017
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
General Liability	\$ 6,000,000	\$ 1,000
Property & Physical Damage	11,317,716	1,000
General Automobile Liability	6,000,000	1,000
Workers' Compensation	2,000,000	Per State Law
Student Accident Insurance (2)	None	None
Surety Bonds (3)		
Treasurer	155,000	Per State Law
Board Secretary/Business Administrator	150,000	Per State Law

- (1) New Jersey School Insurance Group - Commercial Package Policy
(2) Bollinger Insurance (Parent Paid Option only)
(3) NJ Jersey School Insurance Group - MOCCSIF Subfund

Source: District records

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SINGLE AUDIT SECTION

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

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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 School District
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 School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Seaside Heights School District's basic financial statements, and have issued our report thereon dated November 15, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 15, 2017



HOLMAN | FRENIA
ALLISON, P.C.

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EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08

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

Report on Compliance for Each Major State Program

We have audited the Seaside Heights School District's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The Seaside Heights School District's major 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Seaside Heights School District's major 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; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 state program occurred. An audit includes examining, on a test basis, evidence about the School District'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 state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major State Program

In our opinion, the Seaside Heights School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Seaside Heights School District 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 the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with 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 the School District'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 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 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 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 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 15, 2017

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SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	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, 2017	DEFERRED REVENUE AT JUNE 30, 2017	DUE TO GRANTOR AT JUNE 30, 2017
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:															
Child Nutrition Cluster															
Non-Cash Assistance	10.555	171N1304N1099	Unavailable	\$ 13,130	7/1/16-6/30/17	\$ -	\$ -	\$ 13,130	\$ (13,130)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Assistance															
Equipment Assistance Grant	10.579	171N1304N1099	100-010-3350-007	\$ 6,925	7/1/16-6/30/17	-	-	6,800	(6,800)	-	-	-	-	-	-
Fresh Fruit & Vegetable Program	10.582	171N1304N1099	100-010-3350-006	11,650	7/1/16-6/30/17	-	-	11,649	(11,649)	-	-	-	-	-	-
National Performance Based Lunch	10.555	171N1304N1099	100-010-3350-026	1,689	7/1/16-6/30/17	(109)	-	1,566	(1,689)	-	-	(123)	-	-	-
National School Lunch Program	10.555	1616N1304N1099	100-010-3350-026	89,539	7/1/16-6/30/17	-	-	83,014	(89,539)	-	-	(6,525)	-	-	-
National School Lunch Program	10.555	1616N1304N1099	100-010-3350-026	77,857	7/1/15-6/30/16	(5,508)	-	5,508	-	-	-	-	-	-	-
Subtotal						(5,617)	-	90,197	(122,807)	-	-	(6,648)	-	-	-
National Breakfast Program	10.553	171N1304N1099	100-010-3350-028	31,751	7/1/16-6/30/17	-	-	30,015	(31,751)	-	-	(1,736)	-	-	-
National Breakfast Program	10.553	1616N1304N1099	100-010-3350-028	27,684	7/1/15-6/30/16	(1,411)	-	1,411	-	-	-	(1,736)	-	-	-
Subtotal						(1,411)	-	31,426	(31,751)	-	-	(1,736)	-	-	-
Total Child Nutrition Cluster						(7,028)	-	121,623	(154,558)	-	-	(8,384)	-	-	-
Total U.S. Department of Agriculture						(7,028)	-	121,623	(154,558)	-	-	(8,384)	-	-	-
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		100-066-1200-A92	450,000	7/1/15-6/30/16	(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															
Title I	84.010	S010A140030	100-034-5064-194	194,824	7/1/15-6/30/16	(12,056)	-	132,559	(120,903)	-	-	(128,743)	-	-	-
Title I	84.010	S010A130030	100-034-5064-194	191,103	7/1/16-6/30/17	-	-	55,884	(184,627)	-	-	(128,743)	-	-	-
Subtotal						(12,056)	-	188,443	(305,130)	-	-	(128,743)	-	-	-
Title II Part A															
Title II Part A	84.367	S367A150029	100-034-5063-290	32,951	7/1/15-6/30/16	(1,585)	-	18,922	(17,337)	-	-	(3,625)	-	-	-
Title II Part A	84.367	S367A140029	100-034-5063-290	32,270	7/1/16-6/30/17	-	-	1,884	(5,509)	-	-	(3,625)	-	-	-
Subtotal						(1,585)	-	20,806	(22,846)	-	-	(3,625)	-	-	-
Title III Immigrant															
Title III Immigrant	84.365A	S365A160009	100-034-5064-187	12,089	7/1/16-6/30/17	-	-	7,003	(9,696)	-	-	(2,693)	-	-	-
Title III Immigrant	84.365A	S365A150009	100-034-5064-187	10,417	7/1/15-6/30/16	-	-	3,859	(3,859)	-	-	(2,693)	-	-	-
Subtotal						-	-	10,862	(13,555)	-	-	(2,693)	-	-	-
Special Education Cluster															
LD E.A. Part B, Basic Regular	84.027	H027A150100	100-034-5065-016	85,168	7/1/15-6/30/16	(8,915)	-	20,424	(11,509)	-	-	-	-	-	-
LD E.A. Part B, Basic Regular	84.027	H027A160100	100-034-5065-016	81,829	7/1/16-6/30/17	-	-	61,080	(68,255)	-	-	(7,225)	-	-	-
LD E.A. Part B, Basic Regular	84.027	H027A130100	100-034-5065-016	79,883	9/1/13-8/31/14	(6,285)	-	81,454	(82,394)	-	-	(7,225)	-	-	-
Subtotal						(6,285)	-	81,454	(82,394)	-	-	(7,225)	-	-	-
LD E.A. Part B, Preschool	84.173	H173A150114	100-034-5065-020	2,180	7/1/15-6/30/16	(659)	-	659	-	-	-	-	-	-	-
LD E.A. Part B, Preschool	84.173	H173A160114	100-034-5065-020	2,195	7/1/16-6/30/17	(659)	-	1,395	(2,755)	-	-	(1,360)	-	-	-
Subtotal						(659)	-	2,054	(2,755)	-	-	(1,360)	-	-	-
Total Special Education Cluster						(6,944)	-	83,508	(85,149)	-	-	(8,585)	-	-	-
Total Special Revenue Fund						(20,585)	-	303,619	(426,680)	-	-	(143,646)	-	-	-
Total U.S. Department of Education						(20,585)	-	303,619	(426,680)	-	-	(143,646)	-	-	-
Total Federal Financial Assistance						\$ (477,613)	\$ -	\$ 875,242	\$ (581,238)	\$ -	\$ -	\$ (152,030)	\$ -	\$ -	\$ -

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECEIPT EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017	MEMO	
										BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Community Affairs											
General Fund:											
Community Development Block Grant		\$ 200,000	7/1/15-6/30/16	\$ (200,000)	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -
State Department of Education:											
General Fund:											
Choice Aid	17-495-034-5120-068	83,958	7/1/16-6/30/17	-	-	83,958	(83,958)	-	-	8,383	83,958
Transportation Aid	17-495-034-5120-014	11,203	7/1/16-6/30/17	-	-	11,203	(11,203)	-	-	1,119	11,203
Equalization Aid	17-495-034-5120-078	214,549	7/1/16-6/30/17	-	-	214,549	(214,549)	-	-	21,422	214,549
Special Education Aid	17-495-034-5120-089	111,652	7/1/16-6/30/17	-	-	111,652	(111,652)	-	-	11,148	111,652
Security Aid	17-495-034-5120-084	78,555	7/1/16-6/30/17	-	-	78,555	(78,555)	-	-	7,844	78,555
Adjustment Aid	17-495-034-5120-085	523,313	7/1/16-6/30/17	-	-	523,313	(523,313)	-	-	52,252	523,313
Per Pupil Growth Aid	17-495-034-5120-097	1,950	7/1/16-6/30/17	-	-	1,950	(1,950)	-	-	195	1,950
PARCC Readiness	17-495-034-5120-098	1,950	7/1/16-6/30/17	-	-	1,950	(1,950)	-	-	195	1,950
Professional Learning Community Aid	17-495-034-5120-101	1,960	7/1/16-6/30/17	-	-	1,960	(1,960)	-	-	195	1,960
Lead Testing for Schools Aid	17-495-034-5120-104	950	7/1/16-6/30/17	-	-	-	(950)	-	(950)	-	950
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	16-495-034-5094-002	128,079	7/1/15-6/30/16	(6,266)	-	6,266	-	-	-	-	-
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	17-495-034-5095-002	127,104	7/1/16-6/30/17	-	-	127,104	(127,104)	-	-	-	-
On-Behalf TPAF Pension	17-495-034-5095-001	144,698	7/1/16-6/30/17	-	-	144,698	(144,698)	-	-	-	144,698
Contributions - Post Retirement Medi											
On-Behalf TPAF Pension	17-495-034-5094-006	173,660	7/1/16-6/30/17	-	-	173,660	(173,660)	-	-	-	173,660
Contributions											
On-Behalf TPAF Pension	17-495-034-5095-007	440	7/1/16-6/30/17	-	-	440	(440)	-	-	-	440
Contributions - NCGI											
Total General Fund											
Special Revenue Fund:				(206,266)	-	1,681,258	(1,475,942)	-	(950)	102,753	1,348,838
Preschool Education	17-495-034-5120-086	134,541	7/1/16-6/30/17	-	-	134,541	(134,541)	-	-	13,434	134,541
Total Special Revenue Fund											
State Department of Agriculture:											
Enterprise Fund:											
National School Lunch Program (State Share)	16-100-010-3360-067	1,421	7/1/15-6/30/16	(100)	-	100	-	-	-	-	-
National School Lunch Program (State Share)	17-100-010-3360-067	1,549	7/1/16-6/30/17	-	-	1,436	(1,549)	-	(113)	-	1,549
Total Enterprise Fund											
Total State Financial Assistance		\$ 1,817,335		\$ (206,366)	\$ -	\$ 1,817,335	(1,612,032)	\$ -	(1,063)	\$ 116,187	\$ 1,484,928
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08:											
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)							144,698				
On-Behalf TPAF Pension Contributions (Nonbudgeted)							173,660				
On-Behalf TPAF Pension Contributions NCGI (Nonbudgeted)							440				
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08											
							\$ (1,293,234)				

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Seaside Heights School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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*. 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 federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. 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, 2017.

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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

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 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 \$3,309 for the general fund and \$3,900 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,472,633	\$ 1,472,633
Special Revenue Fund	426,727	130,594	557,321
Food Service Fund	<u>154,558</u>	<u>1,549</u>	<u>156,107</u>
Total Awards & Financial Assistance	<u>\$ 581,285</u>	<u>\$ 1,604,776</u>	<u>\$ 2,186,061</u>

Note 4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5. Federal and State Loans Outstanding

The Seaside Heights School District had no loan balances outstanding at June 30, 2017.

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? _____ yes _____ no

2) Significant deficiency(ies) identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? _____ yes _____ no

Identification of major programs:

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

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____ yes _____ no

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs _____ \$750,000 _____

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

 1) Material weakness(es) identified? yes X no

 2) Significant deficiency(ies) identified? yes X no

Type of auditor's report issued on compliance for major programs _____ Unmodified _____

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

17-495-034-5120-078	State Aid Public Cluster:
17-495-034-5120-085	Equalization Aid
17-495-034-5120-084	Adjustment Aid
17-495-034-5120-089	Security Aid
17-495-034-5120-068	Special Education Categorical Aid
17-495-034-5120-097	School Choice Aid
17-495-034-5120-098	Per Pupil Growth Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-098	Professional Learning Community

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

None.

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

N/A – No Federal Single Audit in current year.

STATE FINANCIAL ASSISTANCE

None.

**SEASIDE HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.