

SEASIDE HEIGHTS SCHOOL DISTRICT

Seaside Heights, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
SEASIDE HEIGHTS SCHOOL DISTRICT
SEASIDE HEIGHTS, NEW JERSEY**

YEAR ENDED JUNE 30, 2018

**PREPARED BY DISTRICT FINANCE OFFICER
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY
KEVIN O'SHEA**

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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

February 14, 2019

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, 2018 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 as amended by GASB Statement No. 39. 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 enrollments for the past ten years are detailed below on the next page.

Fiscal Year	Student Enrollment	Percent Change
2017-18	212	6.53%
2016-17	199	13.02%
2015-16	198	7.81%
2014-15	211	-14.27%
2013-14	207	18.36%
2012-13	232	18.90%
2011-12	232	12.00%
2010-11	223	-2.18%
2009-10	222	-10.00%
2008-09	201	5.33%

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 base by approximately 25%.

3. MAJOR INITIATIVES:

School year 2017-18 was a productive and innovative year. The District continued its recovery from Super Storm Sandy. The District replaced all of its T-12 lighting with new state of the art LED Lighting with occupancy sensors in the Summer of 2017. This resulted in a decrease in energy costs of about a third.

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, 2018.

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, 2018.

8. **DEBT ADMINISTRATION:**

As of June 30, 2018, the District's outstanding debt liability is \$184,500.

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.

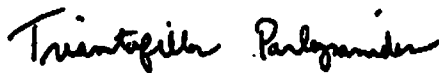
11. OTHER INFORMATION:

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.

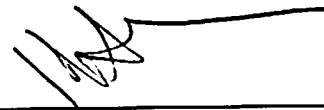
12. ACKNOWLEDGMENTS:

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
SEASIDE HEIGHTS, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2018**

Members of the Board of Education

TERM EXPIRES

Todd Genty, President	2019
Erik Hershey, Vice President	2020
Andrew Leahy	2020
Raymond Carvalho-Powanda	2019
Peter Smith	2018

Other Officials

Triantafillos Parlapanides, ED.D., Superintendent of Schools
Kevin O'Shea, CPA, School Business Administrator/Board Secretary
Kathleen Magaraci, Treasurer of School Monies
David M. Cassadonte, Esq., Board Attorney

**SEASIDE HEIGHTS SCHOOL DISTRICT
SEASIDE HEIGHTS, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2018**

AUDITOR/AUDIT FIRM

Jerry W. Conaty, CPA, PSA, CFE, RMA
Holman Frenia Allison, P. C.
680 Hooper Ave, Building B, Suite 201
Toms River, New Jersey 08753

ATTORNEY

David M. Cassadonte, Esq., Board Attorney
Attorney At Law
202 Main 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

Second Section

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INDEPENDENT AUDITORS REPORT

Honorable President and Members
of the Board of Education
Seaside Heights School District
County of Ocean
Seaside Heights, NJ 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, 2018, and the related notes to the financial statements, which collectively comprise the School 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post employment benefits, 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 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and 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 February 14, 2019 on our consideration of the 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 the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, #2470

Toms River, New Jersey
February 14, 2019

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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 YEAR ENDED JUNE 30, 2018 UNAUDITED

This section of the Seaside Heights School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

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-Management's Discussion and Analysis-for State and Local Governments* issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- In total, net position of governmental activities increased \$351,839, which represents a 22.65% increase from 2017. Total net position of business-type activities increased \$2,484, which represents an 42.18% increase from 2017.
- General revenues accounted for \$4,568,593 in revenue or 68.74% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,078,058 or 31.26% of total revenues of \$6,646,651.
- Total assets of governmental activities decreased by \$613,505 as cash and cash equivalents decreased by \$392,593, receivables decreased by \$115,757, restricted cash and cash equivalents decreased by \$130,849, and total capital assets increased by \$25,694.
- Total liabilities of governmental activities decreased by \$1,211,345 primarily as a result of non-current liabilities due beyond one year decreasing by \$1,606,415.
- The District had \$6,126,018 in governmental activity expenses; only \$1,918,264 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) of \$4,559,593 were adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$351,839.
- In the governmental funds, the general fund had \$4,363,560 in revenues, \$4,813,530 in expenditures and \$186,436 of other financing uses. The general fund's fund balance decreased by \$636,406 over 2017.
- During the 2017-18 School Year, the District completed its LED Lighting upgrade project. This project involved replacing all the Lighting in the District with state of the art, LED Lighting and occupancy controls. The District realized a decrease in its energy costs by about one third.
- The District has been monitoring its overall Fund Balance closely over the last several years. Since the District's long range facility plan has been greatly reduced, the need to continue to maintain such high levels of Fund Balance no longer exists. As a result the District plans to utilize Fund Balance to reduce the need to raise taxes over the next 2 or 3 fiscal years.

- Superstorm Sandy hit the State of New Jersey on October 29, 2012. During the summer of 2013, the District rebuilt its lone school building, the Hugh J. Boyd Elementary School from the damage that resulted from the Storm. 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, 2018, all FEMA and Insurance claims were closed out.
- For the 2013-14 and 2014-15 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 for loan proceeds in the 2013-14 fiscal year and the remaining \$266,255 for the 2014-15 fiscal year. On July 5th, 2017, FEMA officially cancelled \$703,651 in principal and \$40,629 in accrued interest on the loan. In addition, the District made a payment of \$200,000 in July 2017 towards the remaining balance. The District requested and received a time extension to repay the loan no later than July 2023. The District is committed to repaying the remaining balance over the next several years.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to these financial statements. These statements are organized in a way to allow the reader to understand the 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.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position (A-1) presents information on the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Changes in Net Position (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods of the district.

The government-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, and debt service fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds

The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services within the District. The proprietary fund has been included within business-type activities in the district-wide financial statements.

The food services fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for payroll transactions and for the District's unemployment trust fund. The basic fiduciary fund financial statements can be found as Exhibits B-7 and B-8 in this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other Information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

The District's financial position is the result of several types of 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.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position for June 30, 2018 and 2017, respectively:

**Net Position
June 30, 2018**

	Governmental Activities		Business-Type Activities	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets				
Current and Other				
Assets	\$ 696,218	\$ 1,335,417	\$ 13,729	\$ 9,550
Capital Assets, Net	3,326,479	3,300,785	-	-
Total Assets	4,022,697	4,636,202	13,729	9,550
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	559,889	829,770	-	-
Total Assets and Deferred Outflows of Resources	559,889	829,770	-	-
Liabilities				
Long-Term Liabilities	1,993,327	3,658,264	-	-
Other Liabilities	144,034	190,442	5,355	3,660
Total Liabilities	2,137,361	3,848,706	5,355	3,660
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	540,192	64,072	-	-
Total Liabilities and Deferred Inflows of Resources	540,192	64,072	-	-
Net Position				
Net Investment in				
Capital Assets	3,297,778	3,187,917	-	-
Restricted	165,391	766,144	-	-
Unrestricted	(1,558,136)	(2,400,867)	8,374	5,890
Total Net Position	\$ 1,905,033	\$ 1,553,194	\$ 8,374	\$ 5,890

The District's largest net position component is the Restricted portion as shown above. Restricted balances represent resources that are subject to external restrictions on how they may be used.

Restricted net position decreased \$600,753 from the prior year to \$165,391 at June 30, 2018.

Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$1,558,136) is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the District’s governmental and business-type activities and the change in net position for June 30, 2018 and 2017. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the ‘Financial Analysis of the District’s Funds’ section later in this report.

	<u>June 30, 2018</u>		
	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Operating Grants and Contributions	\$ 1,918,264	\$ 159,794	\$ 2,078,058
General Revenues:			
Property Taxes	2,748,368	-	2,748,368
Federal and State Aid	1,036,425	-	1,036,425
Miscellaneous	774,800	9,000	783,800
Total Revenues	6,477,857	168,794	6,646,651
Expenses:			
Instructional Services	3,974,186	-	3,974,186
Support Services	2,148,355	166,310	2,314,665
Interest and Other Charges	3,477	-	3,477
Total Expenses	6,126,018	166,310	6,292,328
Change in Net Position	351,839	2,484	354,323
Net Position, Beginning	1,553,194	5,890	1,559,084
Net Position, Ending	\$ 1,905,033	\$ 8,374	\$ 1,913,407

	<u>June 30, 2017</u>		
	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 156,168	\$ 156,168
Operating Grants and Contributions	1,674,562	-	1,674,562
General Revenues:			
Property Taxes	2,748,368	-	2,748,368
Federal and State Aid	1,010,344	-	1,010,344
Miscellaneous	20,162	10,000	30,162
Total Revenues	5,453,436	166,168	5,619,604
Expenses:			
Instructional Services	2,039,475	-	2,039,475
Support Services	3,566,611	162,967	3,729,578
Interest and Other Charges	214,677	-	214,677
Total Expenses	5,820,763	162,967	5,983,730
Change in Net Position	(367,327)	3,201	(364,126)
Net Position, Beginning	1,920,521	2,689	1,923,210
Net Position, Ending	\$ 1,553,194	\$ 5,890	\$ 1,559,084

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2018 and 2017 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	June 30, 2018			
	Amount	Percent Of Total	Increase (Decrease) From 2017	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 1,951,304	36.02%	\$ (88,171)	-4.32%
Undistributed	2,953,454	54.52%	225,207	8.25%
Capital Outlay	312,521	5.77%	120,874	63.07%
Debt Service:				
Principal	184,355	3.40%	184,355	100.00%
Interest	15,645	0.29%	15,645	100.00%
Total	\$ 5,417,279	100.00%	\$ 457,910	9.23%

	June 30, 2017			
	Amount	Percent Of Total	Increase (Decrease) From 2016	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 2,039,475	41.12%	\$ 167,484	8.95%
Undistributed	2,728,247	55.01%	72,885	2.74%
Capital Outlay	191,647	3.86%	57,679	43.05%
Debt Service:				
Principal	-	0.00%	-	0.00%
Interest	-	0.00%	-	0.00%
Total	\$ 4,959,369	100.00%	\$ 298,048	1.09%

Instructional costs decreased primarily due a reclassification of salaries and an increase in grant funding from the prior year. Undistributed costs increased primarily due to pension and health benefit cost increases. Capital Outlay increased due to the District's LED Lighting project. Debt Service costs increased due to the District beginning to repay the Community Disaster Loan.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2017-2018 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Significant Budget Transfers and Variations:

- TPAF, which is the state’s contribution to the pension fund, is an “on-behalf” revenue and expenditure item to the district and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2017-2018 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2017-2018 unassigned fund balance decreased by \$65,624 to (\$6,130) (2% required per S-1701, net of allowable adjustments).

Proprietary Funds. The District’s proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

The Food Services Enterprise Fund showed a change in net position of \$2,484 in 2017-2018 as compared to a change in net position of \$3,201 in 2016-2017. The food service fund required a \$9,000 contribution in the 2017-2018 year compared to a \$10,000 contribution from the Board in 2016-2017 year.

Capital Assets

At June 30, 2018 the District has capital assets of \$3,326,479, net of depreciation, which includes land, land improvements, buildings/construction, machinery and equipment.

	<u>June 30, 2018</u>
	Governmental Activities
Land	\$ 75,364.00
Buildings/Construction	2,712,512.00
Machinery and Equipment	538,603.00
Total	<u>\$ 3,326,479.00</u>

	<u>June 30, 2017</u>
	Governmental Activities
Land	\$ 75,364.00
Buildings/Construction	2,830,676.00
Machinery and Equipment	394,745.00
Total	<u>\$ 3,300,785.00</u>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2018 and 2017, the District’s outstanding debt issues included \$155,799 and \$1,043,805 respectively of Community Disaster Loans and \$260,365 and \$227,629 respectively in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 7 to the basic financial statements.

Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2018-2019 budget will be adequate to satisfy all 2018-2019 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- It is expected the State of New Jersey will again delay the final state aid payments to school districts for 2018-2019.
- The Board has its lone collective bargaining unit contract settled through June 30, 2019.
- The Districts enrollment has been fairly consistent over the past 3 school years. The District anticipates stable enrollment over the next several years

Requests for Information

This financial report is designed to provide a general overview of the Seaside Heights School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Seaside Heights Board of Education, 1200 Bay Boulevard, Seaside Heights, New Jersey 08751.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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SEASIDE HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 499,336	\$ 1,003	\$ 500,339
Receivables, Net (Note 4)	31,491	12,726	44,217
Restricted Assets:			
Capital Reserve Account - Cash	165,391	-	165,391
Capital Assets, Net (Note 5):			
Non-depreciable	75,364	-	75,364
Depreciable	3,251,115	-	3,251,115
	<hr/>		
Total Assets	4,022,697	13,729	4,036,426
	<hr/>		
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions (Note 8)	559,889	-	559,889
	<hr/>		
Total Deferred Outflow of Resources	559,889	-	559,889
	<hr/>		
Total Assets and Deferred Outflow of Resources	4,582,586	13,729	4,596,315
	<hr/>		
LIABILITIES			
Accounts Payable	69,213	-	69,213
Internal Balances	(5,355)	5,355	-
Payable to Other Governments	78,005	-	78,005
Accrued Interest Payable	2,171	-	2,171
Noncurrent Liabilities (Note 7):			
Due Within One Year	48,208	-	48,208
Due Beyond One Year	1,945,119	-	1,945,119
	<hr/>		
Total Liabilities	2,137,361	5,355	2,142,716
	<hr/>		
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	540,192	-	540,192
	<hr/>		
Total Deferred Inflows of Resources	540,192	-	540,192
	<hr/>		
Total Liabilities and Deferred Inflows of Resources	2,677,553	5,355	2,682,908
	<hr/>		
NET POSITION			
Net Investment in Capital Assets	3,297,778	-	3,297,778
Restricted For:			
Maintenance Reserve	56,766	-	56,766
Emergency Reserve	50,277	-	50,277
Capital Reserve	58,348	-	58,348
Unrestricted (Deficit)	(1,558,136)	8,374	(1,549,762)
	<hr/>		
Total Net Position	\$ 1,905,033	\$ 8,374	\$ 1,913,407
	<hr/>		

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

SEASIDE HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 2,756,466	\$ -	\$ 1,220,460	\$ -	\$ (1,536,006)	\$ -	\$ (1,536,006)
Special Education Instruction	1,042,924	-	326,482	-	(716,442)	-	(716,442)
Other Instruction	174,796	-	54,719	-	(120,077)	-	(120,077)
Support Services:							
Tuition	27,572	-	3,471	-	(24,101)	-	(24,101)
Student & Instruction Related Services	1,090,456	-	183,442	-	(907,016)	-	(907,016)
General Administrative	150,243	-	18,912	-	(131,331)	-	(131,331)
School Administrative Services	169,445	-	21,329	-	(148,116)	-	(148,116)
Central Services	85,781	-	10,798	-	(74,983)	-	(74,983)
Administrative Info. Technology	12,144	-	1,529	-	(10,615)	-	(10,615)
Plant Operations & Maintenance	447,651	-	56,347	-	(391,304)	-	(391,304)
Pupil Transportation	165,063	-	20,777	-	(144,286)	-	(144,286)
Interest & Other Charges	3,477	-	-	-	(3,477)	-	(3,477)
Total Governmental Activities	6,126,018	-	1,918,264	-	(4,207,754)	-	(4,207,754)
Business-Type Activities:							
Food Service	166,310	-	159,794	-	-	(6,516)	(6,516)
Total Business-Type Activities	166,310	-	159,794	-	-	(6,516)	(6,516)
Total Primary Government	\$ 6,292,328	\$ -	\$ 2,078,058	\$ -	(4,207,754)	(6,516)	(4,214,270)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					2,748,368	-	2,748,368
Federal & State Aid Not Restricted					1,036,425	-	1,036,425
Tuition Charges					3,729	-	3,729
Miscellaneous					35,791	-	35,791
Transfers to Other Funds					(9,000)	9,000	-
Special Items:							
Cancellation of Community Disaster Loan Principal (Note 7)					703,651	-	703,651
Cancellation of Community Disaster Loan Interest (Note 7)					40,629	-	40,629
Total General Revenues					4,559,593	9,000	4,568,593
Change In Net Position					351,839	2,484	354,323
Net Position - Beginning					1,553,194	5,890	1,559,084
Net Position - Ending					\$ 1,905,033	\$ 8,374	\$ 1,913,407

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

B. Fund Financial Statements

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Governmental Funds

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**SEASIDE HEIGHTS SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ 381,047	\$ 118,289	\$ -	\$ 499,336
Due from Other Funds	162,661	-	-	162,661
Receivables from Other Governments	-	31,491	-	31,491
Restricted Cash & Cash Equivalents	165,391	-	-	165,391
Total Assets	<u>\$ 709,099</u>	<u>\$ 149,780</u>	<u>\$ -</u>	<u>\$ 858,879</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 68,413	\$ -	\$ -	\$ 68,413
Interfund Payable	1,000	157,106	-	158,106
Total Liabilities	<u>69,413</u>	<u>157,106</u>	<u>-</u>	<u>226,519</u>
Fund Balances:				
Restricted for:				
Maintenance Reserve	56,766	-	-	56,766
Emergency Reserve	50,277	-	-	50,277
Capital Reserve Account	58,348	-	-	58,348
Committed to:				
Other Purposes	425	-	-	425
Assigned to:				
Designated for Subsequent Year's Expenditures	473,870	-	-	473,870
Unassigned, Reported in:				
Special Revenue Fund	-	(7,326)	-	(7,326)
Total Fund Balances	<u>639,686</u>	<u>(7,326)</u>	<u>-</u>	<u>632,360</u>
Total Liabilities & Fund Balances	<u>\$ 709,099</u>	<u>\$ 149,780</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,802,748 and the accumulated depreciation is \$2,476,269.	3,326,479
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.	19,697
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.	(2,171)
Accrued pension contributions for the June 30, 2018 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	(78,005)
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>(1,993,327)</u>
Net Position of Governmental Activities	<u>\$ 1,905,033</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, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 2,748,368	\$ -	\$ -	\$ 2,748,368
Tuition	3,729	-	-	3,729
Interest	150	-	-	150
Miscellaneous	35,641	2,020	-	37,661
Total Local Sources	2,787,888	2,020	-	2,789,908
State Sources	1,575,672	79,494	-	1,655,166
Federal Sources	-	328,343	-	328,343
Total Revenues	4,363,560	409,857	-	4,773,417
Expenditures:				
Current Expense:				
Regular Instruction	995,846	357,564	-	1,353,410
Special Education Instruction	512,070	-	-	512,070
Other Special Instruction	61,022	-	-	61,022
Other Instruction	24,802	-	-	24,802
Support Services:				
Tuition	17,227	-	-	17,227
Student & Instruction Related Services	635,103	46,185	-	681,288
School Administrative Services	105,865	-	-	105,865
General Administrative Services	93,868	-	-	93,868
Central Services	53,594	-	-	53,594
Administrative Information Technology	7,587	-	-	7,587
Plant Operations & Maintenance	279,681	-	-	279,681
Pupil Transportation	103,127	-	-	103,127
Employee Benefits	1,611,217	-	-	1,611,217
Capital Outlay	312,521	-	-	312,521
Debt Service:				
Principal	-	-	184,355	184,355
Interest & Other Charges	-	-	15,645	15,645
Total Expenditures	4,813,530	403,749	200,000	5,417,279
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(449,970)	6,108	(200,000)	(643,862)
Other Financing Sources/(Uses):				
Transfers In / (Out)	(209,000)	-	200,000	(9,000)
Capital Leases (Non-Budgeted)	22,564	-	-	22,564
Total Other Financing Sources/(Uses)	(186,436)	-	200,000	13,564
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing (Uses)	(636,406)	6,108	-	(630,298)
Fund Balances, July 1	1,276,092	(13,434)	-	1,262,658
Fund Balances, June 30	\$ 639,686	\$ (7,326)	\$ -	\$ 632,360

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, 2018**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (630,298)

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	\$ (179,004)	
Capital Outlays	<u>204,698</u>	25,694

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 184,355

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (36,883)

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. 106,731

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	\$ 56,060	
Current Year	<u>(2,171)</u>	53,889

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	\$ 227,629	
Current Year	<u>(260,365)</u>	(32,736)

Cancellation of Community Disaster Loan, is a revenue in the statement of activities, the cancellation reduces the amount of long term liabilities in the statement of net position.

Principal	<u>\$ 703,651</u>	703,651
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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. (22,564)

Change in Net Position of Governmental Activities \$ 351,839

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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, 2018**

ASSETS	ENTERPRISE FUND	TOTALS
Current Assets:		
Cash & Cash Equivalents	\$ 1,003	\$ 1,003
Accounts Receivable	12,726	12,726
	<hr/>	<hr/>
Total Current Assets	13,729	13,729
	<hr/>	<hr/>
Total Assets	13,729	13,729
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Interfund Payable	5,355	5,355
	<hr/>	<hr/>
Total Current Liabilities	5,355	5,355
	<hr/>	<hr/>
NET POSITION		
Unrestricted	8,374	8,374
	<hr/>	<hr/>
Total Net Position	\$ 8,374	\$ 8,374
	<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, 2018**

	ENTERPRISE FUND	TOTALS
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ -	\$ -
Total Operating Revenue	<u>-</u>	<u>-</u>
Operating Expenses:		
Salaries	23,003	23,003
Supplies and Materials	1,119	1,119
Cost of Sales - Reimbursable	<u>142,188</u>	<u>142,188</u>
Total Operating Expenses	<u>166,310</u>	<u>166,310</u>
Operating (Loss)/Gain	<u>(166,310)</u>	<u>(166,310)</u>
Nonoperating Revenues:		
State Sources:		
State School Lunch Program	1,643	1,643
Federal Sources:		
School Breakfast Program	31,835	31,835
National School Lunch Program	97,100	97,100
National School Performance Based Program	1,793	1,793
Fresh Fruit & Vegetable Program	12,075	12,075
Food Distribution Program	15,345	15,345
Miscellaneous	<u>3</u>	<u>3</u>
Total Nonoperating Revenues	<u>159,794</u>	<u>159,794</u>
Other Financing Sources Over/(Under)		
Transfers In	<u>9,000</u>	<u>9,000</u>
Total Other Financing Sources Over/(Under)	<u>9,000</u>	<u>9,000</u>
Change in Net Position	2,484	2,484
Total Net Position - Beginning	<u>5,890</u>	<u>5,890</u>
Total Net Position - Ending	<u>\$ 8,374</u>	<u>\$ 8,374</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ENTERPRISE FUND	TOTALS
Cash Flows From Operating Activities:		
Payments to Employees	\$ (23,003)	\$ (23,003)
Payments to Suppliers	(134,674)	(134,674)
	<u>(157,677)</u>	<u>(157,677)</u>
Net Cash From Operating Activities		
Cash Flows From Noncapital Financing Activities:		
State Sources	1,630	1,630
Federal Sources	146,994	146,994
Miscellaneous	52	52
Transfers (to)/from Other Funds	9,000	9,000
	<u>157,676</u>	<u>157,676</u>
Net Cash From Noncapital Financing Activities		
Cash Flows From Investing Activities:		
Interest	3	3
	<u>3</u>	<u>3</u>
Net Cash From Investing Activities		
Net Change in Cash & Cash Equivalents	2	2
Cash and Cash Equivalents, July 1	1,001	1,001
	<u>1,003</u>	<u>1,003</u>
Cash & Cash Equivalents, June 30	<u>\$ 1,003</u>	<u>\$ 1,003</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Cash From Operating Activities:		
Operating Loss	\$ (166,310)	\$ (166,310)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:		
Food Distribution Program	15,345	15,345
Change in Assets & Liabilities:		
Increase/(Decrease) in Interfund (Receivable)/Payable	(6,712)	(6,712)
	<u>8,633</u>	<u>8,633</u>
Total Adjustments		
Net Cash From Operating Activities	<u>\$ (157,677)</u>	<u>\$ (157,677)</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, 2018**

ASSETS	PRIVATE PURPOSE <u>UNEMPLOYMENT COMPENSATION TRUST</u>	AGENCY FUNDS	TOTALS
Cash & Cash Equivalents	\$ 23,522	\$ 113,107	\$ 136,629
Due from Other Funds	6,931	-	6,931
	<hr/>		
Total Assets	30,453	113,107	143,560
	<hr/>		
LIABILITIES			
Payroll Deductions & Withholdings	-	106,976	106,976
Interfunds Payable	-	6,131	6,131
	<hr/>		
Total Liabilities	-	113,107	113,107
	<hr/>		
NET POSITION			
Reserved:			
Unemployment Claims	30,453	-	30,453
	<hr/>		
Total Net Position	\$ 30,453	\$ -	\$ 30,453
	<hr/> <hr/>		

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, 2018**

ADDITIONS:	PRIVATE PURPOSE <hr/> UNEMPLOYMENT COMPENSATION TRUST	TOTALS
Contributions:		
Interest Earned	\$ 44	\$ 44
Contributions	7,863	7,863
	<hr/>	
Total Additions	7,907	7,907
	<hr/>	
DEDUCTIONS:		
Disbursements	2,137	2,137
	<hr/>	
Total Deductions	2,137	2,137
	<hr/>	
Change in Net Position	5,770	5,770
Net Position - July 1	24,683	24,683
	<hr/>	
Net Position - June 30	\$ 30,453	\$ 30,453
	<hr/> <hr/>	

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

SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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 School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members appointed to three-year terms. The operations of the District include one elementary school located in Seaside Heights. The School District has an approximate enrollment at June 30, 2018 of 212 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, 2018.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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 fund) 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the 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 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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:

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

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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:

Net Investment in Capital Assets – This components 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.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 14, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

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.

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*.

Recently Issued Accounting Pronouncements

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

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 has not yet determined the potential 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 has not yet determined the potential impact on the School District's financial statements.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential 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, 2018, the School District's bank balance of \$871,159 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	730,184
Uninsured and Uncollateralized		140,975
Total	\$	871,159

Investments

The School District had no investments at June 30, 2018.

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, 2018 (Continued)**

Note 3. Reserve Accounts (Continued)

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	189,247
Increased by:		
Interest Earnings		100
		189,347
Decreased by:		
Budget Withdrawals		(130,999)
		(130,999)
Ending Balance, June 30, 2018	\$	58,348

Emergency Reserve

The School District established an emergency reserve account for the accumulation of funds for use in accordance with N.J.S.A. 18A: 7F-41c(1) to finance unanticipated general fund expenditures.

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	50,252
Increased by:		
Interest Earnings		25
		50,277
Decreased by:		
Budget Withdrawals		-
		-
Ending Balance, June 30, 2018	\$	50,277

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 3. Reserve Accounts (Continued)

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	56,741
Increased by:		
Interest Earnings		25
		56,766
Decreased by:		
Budget Withdrawals		-
Ending Balance, June 30, 2018	\$	56,766

Note 4. Accounts Receivable

Accounts receivable at June 30, 2018 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. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2018, consisted of the following:

<u>Description</u>	Governmental Funds		Total Governmental Activities
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Federal Awards	\$ -	\$ 31,491	\$ 31,491
Total	\$ -	\$ 31,491	\$ 31,491
<u>Description</u>	Proprietary Funds		Total Business-Type Activities
	<u>Food Service Fund</u>		
Federal Awards	\$	11,662	\$ 11,662
State Awards		152	152
Other		912	912
Total	\$	12,726	\$ 12,726

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Governmental Activities			Balance June 30, 2018
	Balance July 1, 2017	Additions	Retirements and Transfers	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 75,364	\$ -	\$ -	\$ 75,364
Total Capital Assets not being depreciated	<u>75,364</u>	<u>-</u>	<u>-</u>	<u>75,364</u>
Capital Assets being depreciated:				
Buildings and Improvements	4,655,497	-	-	4,655,497
Equipment	867,189	204,698	-	1,071,887
Total Capital Assets being depreciated	<u>5,522,686</u>	<u>204,698</u>	<u>-</u>	<u>5,727,384</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(1,824,821)	(118,164)	-	(1,942,985)
Equipment	(472,444)	(60,840)	-	(533,284)
Total Accumulated Depreciation	<u>(2,297,265)</u>	<u>(179,004)</u>	<u>-</u>	<u>(2,476,269)</u>
Total Capital Assets being depreciated, net	<u>3,225,421</u>	<u>25,694</u>	<u>-</u>	<u>3,251,115</u>
Total Governmental Activities Capital Assets, net	<u>\$ 3,300,785</u>	<u>\$ 25,694</u>	<u>\$ -</u>	<u>\$ 3,326,479</u>

Depreciation expense was charged to functions/programs of the School District as follows:

Governmental Activities

Instruction:	
Regular Instruction	\$ 73,558
Special Education Instruction	27,831
Other Instruction	4,665
Support Services:	
Tuition	936
Student & Instruction Related Services	37,027
General Administrative	5,102
School Administrative Services	5,754
Central Services	2,913
Administrative Info. Technology	412
Plant Operations & Maintenance	15,201
Pupil Transportation	<u>5,605</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 179,004</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2018 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 162,661	\$ 1,000
Special Revenue Fund	-	157,106
Enterprise Fund	-	5,355
Agency Fund	6,931	6,131
	<u>\$ 169,592</u>	<u>\$ 169,592</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	\$ -	\$ 209,000
Debt Service Fund	200,000	-
Enterprise Fund	9,000	-
	<u>\$ 209,000</u>	<u>\$ 209,000</u>

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
Capital Leases	\$ 112,868	\$ 22,564	\$ 106,731	\$ 28,701	\$ 5,577
Compensated Absences	227,629	32,736	-	260,365	-
FEMA CDL	1,043,805	-	888,006	155,799	42,631
Net Pension Liability	2,273,962	-	725,500	1,548,462	-
	<u>\$ 3,658,264</u>	<u>\$ 55,300</u>	<u>\$ 1,720,237</u>	<u>\$ 1,993,327</u>	<u>\$ 48,208</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums and the net pension liability are liquidated by the general fund.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 7. Long-Term Obligations (Continued)

Capital Lease Payable

The School District is leasing capital items and equipment under capital leases. All capital leases are for terms of five to ten years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2018:

	Fiscal Year Ending	
	<u>June 30,</u>	<u>Total</u>
	2019	\$ 7,133
	2020	7,431
	2021	7,431
	2022	5,453
	2023-2024	<u>5,713</u>
Total Minimum Lease Payments		33,161
Less: Amount Representing Interest		<u>(4,460)</u>
Present Value of Minimum Lease Payments		<u><u>\$ 28,701</u></u>

Amortization of the leased equipment and improvements under capital assets is included with depreciation expense.

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. The District utilized these funds in each of the next two budget years - \$777,550 in the 2013-14 fiscal year and \$266,255 in the 2014-15 fiscal year. As of June 30, 2015 there was no remaining CDL balance to be drawn down.

The School District applied for and received a CDL in response to the devastating effects on the property tax ratable base of the municipality due to Superstorm Sandy in October 2012. The School District was approved for \$1,043,805 total loan. This loan was subject to FEMA review during the past to years and based on FEMA's calculation of the revenue loss that the District experienced over the specified period the District qualified for partial cancellation of \$703,651 in principal along with the corresponding interest of \$40,629. The District budgeted \$200,000 in the 2017-2018 budget towards repayment of the loan which was made on July 28, 2017. The cumulative amount of principal and interest accrued through June 30, 2018 is \$155,799 and \$2,171, respectively.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (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 <http://www.nj.gov/treasury/pensions/financial-reports.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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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. 43:15A* 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 2017, the State's pension contribution was less than the actuarial determined amount.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2018, the School District reported a liability of \$1,548,462 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017. The School District's proportion measured as of June 30, 2017, was 0.00665%, which was a decrease of 0.00103% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$98,506 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 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
Differences between Expected and Actual Experience	\$ 36,461	\$ -
Changes of Assumptions	311,962	310,818
Net Difference between Projected and Actual Earnings on Pension Plan Investments	10,544	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	122,917	229,374
School District contributions subsequent to measurement date	78,005	-
	\$ 559,889	\$ 540,192

\$78,005 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Year Ending June 30,			
2019	\$	40,663	
2020		58,587	
2021		29,437	
2022		(130,619)	
2023		(56,376)	
		<u>(58,308)</u>	
	\$	<u>(58,308)</u>	

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	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
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	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between District Contributions		
Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017, calculated using the discount rate of 5.00% 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, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(4.00%)</u>	At Current Discount Rate <u>(5.00%)</u>	At 1% Increase <u>(6.00%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 1,920,973	\$ 1,548,462	\$ 1,238,115

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 5,396,431,901	\$ 7,815,204,785
Collective Deferred Inflows of Resources	\$ 4,672,602,040	\$ -
Collective Net Pension Liability	\$ 23,278,401,588	\$ 29,617,131,759
School District's portion	0.00665%	0.00768%

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.nj.gov/treasury/pensions/financial-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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 2017, 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, 2017 was \$10,409,627. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.015439%, which was an increase of 0.001412% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$721,126 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, 2017 measurement date.

**SEASIDE HEIGHTS SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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 4.25% 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, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(3.25%)</u>	At Current Discount Rate <u>(4.25%)</u>	At 1% Increase <u>(5.25%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 12,366,963	\$ 10,409,627	\$ 8,797,165

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.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$14,353,461,035.00	\$17,581,004,496.00
Collective Deferred Inflows of Resources	\$11,992,821,439.00	\$ 300,836,088.00
Collective Net Pension Liability	\$67,670,209,171.00	\$79,028,907,033.00
School District's portion	0.01544%	0.01403%

C. Defined Contribution Retirement 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.
- 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 education employees.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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, 2018, employee contributions totaled \$4,341, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$2,368.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate 2.50%

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$9,425,876. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.017573%, which was an increase of 0.000239% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$663,550 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 11,189,195	\$ 9,425,876	\$ 8,027,195
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 12,009,055	\$ 10,024,075	\$ 8,461,642
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084	\$ 57,831,784,184	\$ 48,817,654,566

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 7,751,872	\$ 9,425,876	\$ 11,648,934
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560	\$ 53,639,841,858	\$ 66,290,599,457
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 8,225,033	\$ 10,024,075	\$ 12,429,223
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164	\$ 57,831,784,184	\$ 71,707,778,970

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	Deferred Outflows of	Deferred Inflows of
Change in Proportion	\$ 99,843,255	\$ (99,843,255)
Change in Assumptions	-	(6,343,769,032)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242	-
	<u>\$ 1,290,216,497</u>	<u>\$ (6,443,612,287)</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Additional Information (continued):

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

Fiscal Year Ending June 30,	
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	<u>(2,629,618,547)</u>
	<u>\$ (6,343,769,032)</u>

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	<u>June 30, 2016</u>
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>142,331</u>
	<u><u>366,078</u></u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884
Interest Cost	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Contributions: Member	45,748,749
Gross Benefit Payments	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	(4,191,942,326)
Total OPEB Liability (Beginning)	<u>57,831,784,184</u>
Total OPEB Liability (Ending)	<u>\$ 53,639,841,858</u>
Total Covered Employee Payroll	\$ 13,493,400,208
Net OPEB Liability as a Percentage of Payroll	398%

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

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 statements. For the fiscal year ended June 30, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$252,457, \$129,406, \$163,057 and \$435, 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>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ -	\$ 44	\$ 7,863	\$ 2,137	\$ 30,453
2016-2017	-	-	-	3,667	24,683
2015-2016	27,705	-	-	998	28,350

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, 2018 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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 12. Contingencies (Continued)

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.

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:

AXA Equitable

Lincoln Financial

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, 2018, the liability for compensated absences reported was \$260,365.

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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 15. Tax Abatements (Continued)

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.

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 \$639,686 General Fund fund balance at June 30, 2018, \$58,348 has been restricted for the Capital Reserve Account; \$56,766 has been restricted for the Maintenance Reserve Account; \$50,277 has been restricted for the Emergency Reserve Account; \$425 has been committed to other purposes; and \$473,870 has been assigned to subsequent year's expenditures;and \$0 has been unassigned.

Note 18. Deficit Fund Balances

The School District has a deficit fund balance of \$7,326 in the Special Revenue Fund as of June 30, 2018 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 payments 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 \$7,326 is equal to the last two state aid payments.

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 \$1,558,136 at June 30, 2018. 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, 2018. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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, 2018**

	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	3,729	(1,271)
Interest on Capital Reserve	10-1XXX	100	-	100	100	-
Interest on Maintenance Reserve	10-1XXX	25	-	25	25	-
Interest on Emergency Reserve	10-1XXX	25	-	25	25	-
Unrestricted Miscellaneous	10-1XXX	5,000	-	5,000	35,641	30,641
Total Local Sources		2,758,518	-	2,758,518	2,787,888	29,370
State Sources:						
School Choice Aid	10-3116	97,951	-	97,951	97,951	-
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	510,662	(12,651)
PARCC Readiness Aid	10-3190	1,950	-	1,950	1,950	-
Per Pupil Growth Aid	10-3190	1,950	-	1,950	1,950	-
Professional Learning Community Aid	471,438	1,960	-	1,960	1,960	-
Reimbursed TPAF Social Security Contributions		-	-	-	129,406	129,406
On-Behalf TPAF Pension Contributions		-	-	-	252,457	252,457
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	163,057	163,057
On-Behalf TPAF Pension Contributions -LTD		-	-	-	435	435
Total State Sources		1,043,083	-	1,043,083	1,575,787	532,704
Total Revenues		3,801,601	-	3,801,601	4,363,675	562,074
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	-	1,000	1,000	486	514
Kindergarten	11-110-100-101	154,883	3,200	158,083	157,783	300
Grades 1 - 5	11-120-100-101	777,766	(75,800)	701,966	691,022	10,944
Grades 6 - 8	11-130-100-101	83,091	(18,000)	65,091	60,550	4,541
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	5,000	-	5,000	1,100	3,900
Purchased Professional Services	11-150-100-320	5,000	(2,500)	2,500	749	1,751
Regular Programs - Undistributed:						
Other Salaries for Instruction	11-190-100-106	32,055	(3,000)	29,055	21,982	7,073
Purchased Professional-Educational Services	11-190-100-320	10,000	(2,000)	8,000	6,640	1,360
Other Purchased Services	11-190-100-500	9,500	4,500	14,000	13,349	651
General Supplies	11-190-100-610	35,000	8,000	43,000	41,837	1,163
Textbooks	11-190-100-640	5,000	(5,000)	-	-	-
Other Objects	11-190-100-800	5,000	(3,000)	2,000	348	1,652
Total Regular Programs		1,122,295	(92,600)	1,029,695	995,846	33,849
Special Education:						
Learning and/or Language Disabilities::						
Salaries of Teachers	11-204-100-101	196,191	(6,000)	190,191	186,149	4,042
Other Salaries for Instruction	11-204-100-106	132,820	40,000	172,820	169,106	3,714
General Supplies	11-204-100-610	1,000	-	1,000	-	1,000
Total Learning and/or Language Disabilities:		330,011	34,000	364,011	355,255	8,756
Resource Room:						
Salaries of Teachers	11-213-100-101	185,591	(7,000)	178,591	156,815	21,776
General Supplies	11-213-100-610	1,000	-	1,000	-	1,000
Total Resource Room		186,591	(7,000)	179,591	156,815	22,776
Total Special Education		516,602	27,000	543,602	512,070	31,532

**SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Bilingual Education:						
Salaries of Teachers	11-240-100-101	61,022	-	61,022	61,022	-
General Supplies	11-240-100-610	1,000	-	1,000	-	1,000
Total Bilingual Education		62,022	-	62,022	61,022	1,000
School Sponsored Cocurricular Activities:						
Other Objects	11-401-100-890	3,000	4,783	7,783	2,629	5,154
Total School Sponsored Cocurricular Activities		3,000	4,783	7,783	2,629	5,154
Summer School - Instruction:						
Salaries	11-422-100-101	30,000	(7,000)	23,000	19,610	3,390
Purchased Services	11-422-100-300	5,000	(1,622)	3,378	2,422	956
Other Objects	11-422-100-800	-	200	200	141	59
Total Summer School - Instruction:		35,000	(8,422)	26,578	22,173	4,405
Total Instruction		1,738,919	(69,239)	1,669,680	1,593,740	75,940
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEA's - State						
Regular	11-000-100-561	-	14,000	14,000	12,948	1,052
Special Education	11-000-100-562	-	10,000	10,000	4,279	5,721
Tuition to Private Schools - Disabled Within State	11-000-100-566	125,000	(29,500)	95,500	-	95,500
Total Undistributed Expenditures - Instruction		125,000	(5,500)	119,500	17,227	102,273
Attendance & Social Work Services:						
Salaries	11-000-211-100	43,133	(4,100)	39,033	39,012	21
Purchased Services	11-000-211-300	5,500	(900)	4,600	4,504	96
Total Attendance & Social Work Services		48,633	(5,000)	43,633	43,516	117
Health Services:						
Salaries	11-000-213-100	77,922	3,800	81,722	81,072	650
Other Purchased Services	11-000-213-500	1,000	-	1,000	1,000	-
Supplies and Materials	11-000-213-600	2,500	2,500	5,000	4,596	404
Total Health Services		81,422	6,300	87,722	86,668	1,054
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	54,822	1,800	56,622	56,422	200
Purchased Professional - Educational Services	11-000-216-320	45,000	(27,500)	17,500	11,430	6,070
Supplies and Materials	11-000-216-600	1,000	-	1,000	911	89
Total Other Support Services - Students - Related Services		100,822	(25,700)	75,122	68,763	6,359
Other Support Services - Students - Extraordinary Services:						
Salaries	11-000-217-100	56,060	6,000	62,060	61,455	605
Total Other Support Services - Students - Extraordinary Services		56,060	6,000	62,060	61,455	605
Other Support Services - Guidance:						
Salaries of Other Professional Staff						
Staff	11-000-218-104	53,121	-	53,121	53,121	-
Purchased Professional Services	11-000-218-320	1,000	(200)	800	300	500
Supplies and Materials	11-000-218-610	-	1,100	1,100	1,009	91
Total Other Support Services - Guidance		54,121	900	55,021	54,430	591
Other Support Services - Child Study Teams:						
Salaries of Other Professional Staff						
Staff	11-000-219-104	109,490	12,000	121,490	120,786	704
Salaries of Secretarial & Clerical Assistants	11-000-219-105	18,436	25,000	43,436	43,133	303
Purchased Professional & Educational Services	11-000-219-320	25,000	5,300	30,300	28,973	1,327
Supplies & Materials	11-000-219-600	3,000	-	3,000	1,618	1,382
Total Other Support Services - Child Study Teams		155,926	42,300	198,226	194,510	3,716

**SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Improvement of Instruction Services/Other						
Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	-	9,000	9,000	5,400	3,600
Professional Services	11-000-221-320	40,000	(7,000)	33,000	28,000	5,000
Total Improvement of Instruction Services/Other Support Services Instructional Staff		40,000	2,000	42,000	33,400	8,600
Educational Media Services/School Library:						
Salaries	11-000-222-100	88,257	-	88,257	88,198	59
Purchased Prof & Tech Services	11-000-222-300	1,000	(800)	200	-	200
Supplies and Materials	11-000-222-600	4,000	(1,700)	2,300	2,193	107
Total Educational Media Services/School Library		93,257	(2,500)	90,757	90,391	366
Support Services Instructional Staff Training Service:						
Purchased Prof - Ed Services	11-000-223-320	1,000	1,000	2,000	-	2,000
Other Purchased Services	11-000-223-580	1,000	2,500	3,500	1,970	1,530
Total Support Services Instructional Staff Training Services		2,000	3,500	5,500	1,970	3,530
Support Services General Administration:						
Salaries	11-000-230-100	15,000	-	15,000	15,000	-
Salaries of staff report to BOE	11-000-230-109	3,600	-	3,600	3,600	-
Legal Services	11-000-230-331	8,000	1,249	9,249	8,495	754
Audit Services	11-000-230-332	16,500	2,000	18,500	18,440	60
Other Purchased Professional Services	11-000-230-340	11,000	5,500	16,500	16,262	238
Communications/Telephone	11-000-230-530	13,500	900	14,400	14,077	323
Other Purchased Services - BOE Travel	11-000-230-585	2,500	3,050	5,550	5,058	492
Other Purchased Services - Insurance	11-000-230-592	10,000	(1,100)	8,900	8,826	74
General Supplies	11-000-230-610	1,000	100	1,100	1,001	99
Miscellaneous Expenditures	11-000-230-890	400	750	1,150	820	330
BOE Membership Dues & Fees	11-000-230-895	6,000	(3,700)	2,300	2,289	11
Total Support Services General Administration		87,500	8,749	96,249	93,868	2,381
Support Services School Administration:						
Salaries of Principals/Assistant Principals	11-000-240-103	83,282	11,950	95,232	94,534	698
Salaries of Secretarial & Clerical Assistants	11-000-240-105	18,436	(8,950)	9,486	9,443	43
Supplies & Materials	11-000-240-600	2,000	-	2,000	1,888	112
Total Support Services School Administration		103,718	3,000	106,718	105,865	853
Central Services:						
Salaries	11-000-251-100	22,740	(10,000)	12,740	11,688	1,052
Purchased Technical Services	11-000-251-330	16,000	3,852	19,852	16,479	3,373
Purchased Professional Services	11-000-251-340	25,000	-	25,000	25,000	-
Supplies & Materials	11-000-251-600	2,500	(1,000)	1,500	202	1,298
Miscellaneous	11-000-251-890	250	-	250	225	25
Total Central Services		66,490	(7,148)	59,342	53,594	5,748
Administrative Information Technology:						
Salaries	11-000-252-100	10,000	-	10,000	-	10,000
Purchased Technical Services	11-000-252-340	5,000	(1,000)	4,000	3,430	570
Supplies & Materials	11-000-252-600	5,000	-	5,000	4,157	843
Total Administrative Information Technology		20,000	(1,000)	19,000	7,587	11,413

**SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	25,527	17,500	43,027	42,586	441
Cleaning, Repair & Maintenance Services	11-000-261-420	37,000	4,000	41,000	38,827	2,173
General Supplies	11-000-261-610	8,000	(4,000)	4,000	1,557	2,443
Total Required Maintenance for School Facilities		70,527	17,500	88,027	82,970	5,057
Custodial Services:						
Salaries	11-000-262-100	67,874	6,500	74,374	74,026	348
Salaries of Non-Instructional Aids	11-000-262-107	12,000	(3,000)	9,000	-	9,000
Cleaning, Repair & Maintenance Services	11-000-262-420	5,000	-	5,000	2,500	2,500
Insurance	11-000-262-520	39,000	-	39,000	33,352	5,648
General Supplies	11-000-262-610	15,000	(3,000)	12,000	9,261	2,739
Energy - Electric	11-000-262-622	50,000	1,000	51,000	49,612	1,388
Total Custodial Services		188,874	1,500	190,374	168,751	21,623
Care & Upkeep of Grounds						
Purchased Professional and Tech. Services	11-000-263-300	5,000	(3,000)	2,000	464	1,536
General Supplies	11-000-263-610	1,000	5,000	6,000	5,468	532
Total Care & Upkeep of Grounds		6,000	2,000	8,000	5,932	2,068
Security						
Purchased Professional & Technical Services	11-000-266-300	25,000	(1,700)	23,300	22,028	1,272
Total Security		25,000	(1,700)	23,300	22,028	1,272
Student Transportation Services:						
Salaries	11-000-270-160	24,740	700	25,440	25,376	64
Aid in Lieu - Non Public	11-000-270-503	2,652	(2,000)	652	-	652
Aid in Lieu - Choice	11-000-270-505	884	-	884	-	884
Contracted Services (Special Education) Joint agreements	11-000-270-515	30,000	(24,500)	5,500	4,405	1,095
Contracted Services (Regular Education) ESC's and CTSA's	11-000-270-517	-	57,000	57,000	56,515	485
Contracted Services (Apecial Education) ESC's and CTSA's	11-000-270-518	32,000	(15,000)	17,000	16,200	800
Other Purchased Services - Auto Insurance	11-000-270-593	2,000	-	2,000	631	1,369
Total Student Transportation Services		92,276	16,200	108,476	103,127	5,349
Unallocated Benefits - Employee Benefits:						
Other Insurance	11-000-291-210	5,000	-	5,000	2,443	2,557
Social Security Contributions	11-000-291-220	95,000	(4,600)	90,400	89,737	663
Other Retirement Contributions - Regular	11-000-291-241	75,000	(10,135)	64,865	63,309	1,556
Other Retirement Contributions	11-000-291-242	6,500	(6,000)	500	-	500
Other Retirement Contributions	11-000-291-249	4,000	-	4,000	2,478	1,522
Unemployment Benefits	11-000-291-250	5,000	(5,000)	-	-	-
Workman's Compensation	11-000-291-260	31,000	-	31,000	30,024	976
Health Benefits	11-000-291-270	826,235	(12,449)	813,786	812,341	1,445
Tuition Reimbursement	11-000-291-280	5,000	(1,500)	3,500	2,250	1,250
Other Employee Benefits	11-000-291-290	29,000	34,500	63,500	63,280	220
Unused Sick Pay to Retired Staff	11-000-291-299	24,000	(23,000)	1,000	-	1,000
Total Unallocated Benefits - Employee Benefits		1,105,735	(28,184)	1,077,551	1,065,862	11,689
Nonbudgeted:						
Reimbursed TPAF Social Security Contributions		-	-	-	129,406	(129,406)
On-Behalf TPAF Pension Contributions		-	-	-	252,457	(252,457)
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	163,057	(163,057)
On-Behalf TPAF Pension Contributions - LTD		-	-	-	435	(435)
Total Nonbudgeted		-	-	-	545,355	(545,355)
Total Undistributed Expenditures		2,523,361	33,217	2,556,578	2,907,269	(350,691)
Total Expenditures - Current Expense		4,262,280	(36,022)	4,226,258	4,501,009	(274,751)

**SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Equipment:						
Grades 1 - 5	12-120-100-730	5,000	-	5,000	-	5,000
Information Technology	12-000-252-730	-	2,600	2,600	2,598	2
Maintenance	12-000-261-730	-	10,500	10,500	7,500	3,000
Security	12-000-266-730	-	14,100	14,100	14,022	78
Total Equipment		5,000	27,200	32,200	24,120	8,080
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	15,000	12,527	27,527	3,589	23,938
Construction Services	12-000-400-450	250,000	-	250,000	154,425	95,575
Lease Purchase	12-000-400-721	105,999	-	105,999	105,999	-
Total Facilities Acquisition & Construction Services		372,823	12,527	385,350	265,837	119,513
Assets Acquired Under Capital Leases (NonBudgeted)		-	-	-	22,564	(22,564)
Total Capital Outlay		377,823	39,727	417,550	312,521	105,029
Total Expenditures		4,640,103	3,705	4,643,808	4,813,530	(169,722)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(838,502)	(3,705)	(842,207)	(449,855)	392,352
Other Financing Sources/(Uses):						
Capital Leases		-	-	-	22,564	22,564
Transfer to Debt Service - CDL	11-000-520-936	(200,000)	-	(200,000)	(200,000)	-
Transfer to Food Service Fund	11-000-310-930	-	(9,000)	(9,000)	(9,000)	-
Total Other Financing Sources/(Uses)		(200,000)	(9,000)	(209,000)	(186,436)	22,564
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Other Financing Sources/(Uses)		(1,038,502)	(12,705)	(1,051,207)	(636,291)	414,916
Fund Balances, July 1		1,378,845	-	1,378,845	1,378,845	-
Fund Balances, June 30		\$ 340,343	\$ (12,705)	\$ 327,638	\$ 742,554	\$ 414,916

RECAPITULATION OF TRANSFERS:

Rollover Encumbrances from Prior Year	<u>\$ 12,705</u>
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RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Capital Reserve Account	\$ 58,348
Maintenance Reserve Account	56,766
Emergency Reserve	50,277
Committed Fund Balance:	
Year-end Encumbrances	425
Assigned Fund Balance:	
Designated for Subsequent Years Expenditures	480,000
Unassigned Fund Balance	<u>96,738</u>
Subtotal	742,554
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(102,868)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 639,686</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Federal Sources	\$ 271,564	\$ 87,536	\$ 359,100	\$ 328,343	\$ (30,757)
State Sources	73,386	-	73,386	73,386	-
Other Sources	-	2,020	2,020	2,020	-
Total Revenues	344,950	89,556	434,506	403,749	(30,757)
Expenditures:					
Instruction:					
Salaries of Teachers	183,386	91,980	275,366	254,707	20,659
Tuition	70,420	23,051	93,471	93,471	-
General Supplies	6,000	7,869	13,869	9,386	4,483
Total Instruction	259,806	122,900	382,706	357,564	25,142
Support Services:					
Personal Services - Employee Benefits	30,000	12,357	42,357	40,791	1,566
Purchased Professional - Tech Services	55,144	(45,701)	9,443	5,394	4,049
Total Support Services	85,144	(33,344)	51,800	46,185	5,615
Total Expenditures	344,950	89,556	434,506	403,749	30,757
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, 2018**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 4,363,675	\$ 403,749
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	-	-
Current Year	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	102,753	13,434
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(102,868)	(7,326)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 4,363,560	\$ 409,857
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,813,530	\$ 403,749
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	-	-
Current Year	-	-
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 4,813,530	\$ 403,749

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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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 (PERS)
LAST FIVE FISCAL YEARS*

	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00665%	0.00768%	0.00777%	0.00643%	0.00691%
District's proportionate share of the net pension liability (asset)	\$ 1,548,462	\$ 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	\$ 489,580
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	303.24%	482.51%	381.25%	231.83%	269.68%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.92%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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 (PERS)
LAST FIVE FISCAL YEARS**

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 78,005	\$ 61,623	\$ 68,209	\$ 66,794	\$ 57,978
Contributions in relation to the contractually required contribution	78,005	61,623	68,209	66,794	57,978
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 536,396	\$ 510,639	\$ 471,277	\$ 457,446	\$ 519,008
Contributions as a percentage of covered-employee payroll	14.54%	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 (TPAF)
LAST FIVE FISCAL YEARS*

	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.01544%	0.01402%	0.01424%	0.01428%	0.01397%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 10,409,627	\$ 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	\$ 1,385,387
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT BENEFITS (GASB 75)

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**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR***

	2018
District's Total OPEB Liability	
Service Cost	\$ 482,641
Interest Cost	296,466
Changes of Assumptions	(1,167,022)
Contributions: Member	8,039
Gross Benefit Payments	(218,323)
Net Change in District's Total OPEB Liability	(598,199)
District's Total OPEB Liability (Beginning)	10,024,075
District's Total OPEB Liability (Ending)	\$ 9,425,876
District's Covered Employee Payroll***	\$ 2,273,501
District's Net OPEB Liability as a Percentage of Payroll	415%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

* 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
YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

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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

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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, 2018**

	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	\$ 182,551	\$ 42,935	\$ -	\$ 93,471	\$ 2,730
State Sources	-	-	73,386	-	-
Local Sources	-	-	-	-	-
Total Revenues	\$ 182,551	\$ 42,935	\$ 73,386	\$ 93,471	\$ 2,730
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 150,414	\$ 30,907	\$ 73,386	\$ -	\$ -
Tuition	-	-	-	93,471	-
General Supplies	-	-	-	-	2,730
Total Instruction	150,414	30,907	73,386	93,471	2,730
Support Services:					
Personal Services - Employee Benefits	32,137	8,654	-	-	-
Purchased Professional - Tech Services	-	3,374	-	-	-
Total Support Services	32,137	12,028	-	-	-
Total Expenditures	\$ 182,551	\$ 42,935	\$ 73,386	\$ 93,471	\$ 2,730

**SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	INSURANCE GRANT	NLCB TITLE III	TOTAL
Revenues:			
Federal Sources	\$ -	\$ 6,656	\$ 328,343
State Sources	-	-	73,386
Local Sources	2,020	-	2,020
	<hr/>		
Total Revenues	<u>\$ 2,020</u>	<u>\$ 6,656</u>	<u>\$ 403,749</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ -	\$ -	\$ 254,707
Tuition	-	-	93,471
General Supplies	-	6,656	9,386
	<hr/>		
Total Instruction	<u>-</u>	<u>6,656</u>	<u>357,564</u>
Support Services:			
Personal Services - Employee Benefits	-	-	40,791
Purchased Professional - Tech Services	2,020	-	5,394
	<hr/>		
Total Support Services	<u>2,020</u>	<u>-</u>	<u>46,185</u>
Total Expenditures	<u>\$ 2,020</u>	<u>\$ 6,656</u>	<u>\$ 403,749</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 73,386	\$ 73,386	\$ -
Other Salaries of Instruction	-	-	-
Total Instruction	<u>73,386</u>	<u>73,386</u>	<u>-</u>
Support Services:			
Salaries of Supervisors of Instruction	-	-	-
Employee Benefits	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u><u>\$ 73,386</u></u>	<u><u>\$ 73,386</u></u>	<u><u>\$ -</u></u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2017-2018 Preschool Education Aid Allocation	\$ 73,386
Add: Actual Preschool Education Aid Carryover (June 30, 2017)	-
Add: Additional Preschool Education Aid	<u>-</u>
Total Preschool Education Aid Funds Available for 2017-2018 Budget	73,386
Less: 2017-2018 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(73,386)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2017	-
Add: JUNE 30, 2018 Unexpended Preschool Education Aid Funds	<u>-</u>
2017-2018 Carryover - Preschool Education Aid Funds	<u>-</u>
2017-2018 Preschool Education Aid Funds Carryover Budgeted in 2018-2019	<u><u>\$ -</u></u>

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F. Capital Projects Fund

N/A

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H. Fiduciary Fund

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**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

ASSETS	PRIVATE PURPOSE		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	AGENCY PAYROLL	
Cash & Cash Equivalents	\$ 23,522	\$ 113,107	\$ 136,629
Due from Other Funds	6,931	-	6,931
Total Assets	30,453	113,107	143,560
LIABILITIES			
Payroll Deductions & Withholdings	-	106,976	106,976
Interfunds Payable	-	6,131	6,131
Total Liabilities	-	113,107	113,107
NET POSITION			
Reserved:			
Unemployment Benefits	30,453	-	30,453
Total Net Position	\$ 30,453	\$ -	\$ 30,453

**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	PRIVATE PURPOSE	
	UNEMPLOYMENT COMPENSATION TRUST	TOTAL
ADDITIONS:		
Interest Earned	\$ 44	\$ 44
Contributions	7,863	7,863
Total Additions	<u>7,907</u>	<u>7,907</u>
DEDUCTIONS:		
Disbursements	<u>2,137</u>	<u>2,137</u>
Total Deductions	<u>2,137</u>	<u>2,137</u>
Change in Net Position	5,770	5,770
Net Position - Beginning of Year	<u>24,683</u>	<u>24,683</u>
Net Position - End of Year	<u>\$ 30,453</u>	<u>\$ 30,453</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS & LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 96,824	\$ 3,164,506	\$ 3,148,223	\$ 113,107
Due from Other Funds	1,034	-	1,034	-
	<hr/>			
Total Assets	<u>\$ 97,858</u>	<u>\$ 3,164,506</u>	<u>\$ 3,149,257</u>	<u>\$ 113,107</u>
LIABILITIES				
Net Payroll Deductions & Withholdings	\$ 96,653	\$ 3,159,580	\$ 3,149,257	\$ 106,976
Due to Other Funds	1,205	4,926	-	6,131
	<hr/>			
Total Liabilities	<u>\$ 97,858</u>	<u>\$ 3,164,506</u>	<u>\$ 3,149,257</u>	<u>\$ 113,107</u>

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I. Long-Term Debt

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**SEASIDE HEIGHTS SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2018**

SERIES	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2017	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2018
Roof Project	1.70%	\$ 504,000	\$ 104,227	\$ -	\$ 104,227	\$ -
Copier-FY14	Variable	3,183	946	-	806	140
Copier-FY17	Variable	9,156	7,695	-	1,698	5,997
Copier-FY18	Variable	22,564	-	22,564	-	22,564
Total			\$ 112,868	\$ 22,564	\$ 106,731	\$ 28,701

**SEASIDE HEIGHTS BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	6/30/2018				POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources:					
Debt Service Aid Type II	-	-	-	-	-
Total Revenues	-	-	-	-	-
Expenditures:					
Regular Debt Service:					
Interest on Bonds	-	15,645	15,645	15,645	-
Redemption of Principal	200,000	(15,645)	184,355	184,355	-
Total Expenditures	200,000	-	200,000	200,000	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(200,000)	-	(200,000)	(200,000)	-
Other Financing Sources/(Uses):					
Transfer from/(to) Other Funds	200,000	-	200,000	200,000	-
Total Other Financing Sources/(Uses)	200,000	-	200,000	200,000	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing (Uses)	-	-	-	-	-
Fund Balance July 1	-	-	-	-	-
Fund Balance June 30	\$ -	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION (Unaudited)

Third Section

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 3,297,778	\$ 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
Restricted for:										
Debt Service	-	-	-	-	-	(9,489)	(4,815)	(6,505)	(8,523)	(10,477)
Other Purposes	165,391	710,084	411,384	432,616	684,838	1,604,637	1,245,027	1,110,926	1,107,642	1,601,970
Unrestricted	(1,558,136)	(2,344,807)	(1,695,702)	(2,233,152)	(716,945)	(89,915)	(104,259)	(51,833)	(254,539)	(330,808)
Total Governmental Activities	\$ 1,905,033	\$ 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
Business-Type Activities:										
Unrestricted	8,374	5,890	2,689	37	251	14,799	590	590	22,911	3,501
Total Business-Type Activities	\$ 8,374	\$ 5,890	\$ 2,689	\$ 37	\$ 251	\$ 14,799	\$ 590	\$ 590	\$ 22,911	\$ 3,501
District-Wide:										
Invested in Capital Assets,										
Net of Related Debt	\$ 3,297,778	\$ 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
Restricted:										
Debt Service	-	-	-	-	-	(9,489)	(4,815)	(6,505)	(8,523)	(10,477)
Other Purposes	165,391	710,084	411,384	432,616	684,838	1,604,637	1,245,027	1,110,926	1,107,642	1,601,970
Unrestricted	(1,549,762)	(2,338,917)	(1,693,013)	(2,233,115)	(716,694)	(75,116)	(103,669)	(51,243)	(231,628)	(327,307)
Total District Net Position	\$ 1,913,407	\$ 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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,756,466	\$ 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
Special Education	1,042,924	353,173	440,289	332,050	338,961	303,797	347,883	279,473	267,009	259,138
Other Special Education	-	60,502	57,204	55,927	90,140	60,346	50,931	73,670	69,540	65,319
Other Instruction	174,796	18,008	25,456	75,587	-	-	-	-	-	-
Support Services & Undistributed Costs:										
Tuition	27,572	24,747	32,306	159,916	132,077	129,859	200,375	122,601	178,553	160,769
Attendance and Social Work Services	-	-	-	-	-	-	30,472	30,303	31,421	42,738
Health Services	-	-	-	-	-	-	67,751	70,992	62,387	62,523
Student & Instruction Related Services	1,090,456	676,464	616,765	645,812	599,132	523,056	475,331	446,863	450,866	400,874
Students - Extraordinary Services	-	-	-	-	-	-	80,800	54,462	51,900	40,580
Educational Media Services/School Library	-	-	-	-	-	-	49,784	55,197	48,847	24,296
Instructional Staff Training	-	-	-	-	-	-	665	851	166	2,911
School Administrative Services	169,445	98,254	110,395	91,023	125,158	121,243	37,896	37,984	53,313	36,086
General Administrative Services	150,243	87,930	92,028	89,677	129,445	130,595	142,200	149,649	147,954	183,019
Central Services	85,781	40,557	36,104	38,113	33,914	25,211	41,772	34,979	41,089	42,417
Administrative Information Technology	12,144	31,518	37,416	55,995	29,718	28,418	25,266	21,025	20,201	41,499
Plant Operations & Maintenance	447,651	338,388	305,674	287,790	1,199,796	601,634	232,651	253,420	247,517	227,244
Pupil Transportation	165,063	62,981	116,039	104,021	62,423	38,252	56,798	41,057	58,370	48,528
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
Interest on Long-Term Debt	3,477	18,486	21,741	22,517	14,099	11,941	10,222	14,377	18,778	24,159
Reduction of Capital Leases	-	-	-	-	-	-	-	-	-	-
Unallocated Compensated Absences	-	23,886	-	(85,806)	-	-	(44,383)	(21,323)	25,731	6,893
Unallocated Adjustment to Fixed Assets	-	172,305	199,299	196,340	171,074	55,940	64,020	64,020	65,289	76,235
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	6,126,018	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
Business-Type Activities:										
Food Service	166,310	162,967	136,294	145,964	129,386	103,784	148,012	125,257	104,567	149,886
Total Business-Type Activities Expense	166,310	162,967	136,294	145,964	129,386	103,784	148,012	125,257	104,567	149,886
Total District Expenses	\$ 6,292,328	\$ 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
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 1,918,264	\$ 1,674,562	\$ 1,126,360	\$ 1,059,347	\$ 719,951	\$ 759,796	\$ 487,641	\$ 574,746	\$ 565,163	\$ 475,568
Total Governmental Activities Program Revenues	1,918,264	1,674,562	1,126,360	1,059,347	719,951	759,796	487,641	574,746	565,163	475,568

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-Type Activities:										
Charges for Services:										
Food Service	-	-	1,572	2,338	1,088	4,404	4,946	5,866	7,578	6,435
Operating Grants & Contributions	159,794	156,168	120,374	122,512	108,750	108,209	122,446	97,070	116,399	115,609
Total Business Type Activities Program Revenues	159,794	156,168	121,946	124,850	109,838	112,613	127,392	102,936	123,977	122,044
Total District Program Revenues	\$ 2,078,058	\$ 1,830,730	\$ 1,248,306	\$ 1,184,197	\$ 829,789	\$ 872,409	\$ 615,033	\$ 677,682	\$ 689,140	\$ 597,612
Net/(Expense)/Revenue:										
Governmental Activities	\$ (4,207,754)	\$ (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)
Business-Type Activities	(6,516)	(6,799)	(14,348)	(21,114)	(19,548)	8,829	(20,620)	(22,321)	19,410	(27,842)
Total District-Wide Net Expense	\$ (4,214,270)	\$ (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)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	\$ 2,748,368	\$ 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
Taxes Levied for Debt Service	-	-	-	-	108,326	109,550	110,765	112,028	108,472	109,722
Tuition	3,729	-	2,192	7,883	9,262	1,080	16,941	41,046	7,833	-
Federal & State Aid Not Restricted	1,036,425	1,010,344	1,466,553	1,029,671	963,828	830,097	1,087,519	969,734	806,905	1,048,941
Investment Earnings	-	150	150	150	125	200	97	1,466	1,973	614
Special Items:										
FEMA reimbursements	-	-	-	32,837	-	375,000	-	-	-	-
Cancellation of Community Disaster Loan	744,280	-	-	-	-	-	-	-	-	-
Cancellation of Prior Year Payables	-	-	34,464	(356,521)	-	-	-	-	-	-
Insurance Recovery Related to Impaired	-	-	-	-	-	-	-	-	-	-
Capital Asset-Super Storm Sandy	-	-	-	502,437	-	601,632	-	-	-	-
Loss on Impairment of Assets	-	-	-	-	-	(50,854)	-	-	-	-
Community Block Grant	35,791	30,012	39,186	96,549	233,480	20,305	10,884	27,463	41,121	14,868
Miscellaneous Income	(9,000)	(10,000)	(17,000)	(20,900)	(5,000)	(5,000)	(21,000)	-	-	-
Transfers										
Total Governmental Activities	4,559,593	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
Business-Type Activities:										
Transfers	9,000	10,000	17,000	20,900	5,000	5,000	21,000	-	-	-
Total Business-Type Activities	9,000	10,000	17,000	20,900	5,000	5,000	21,000	-	-	-
Total District-Wide	\$ 4,568,593	\$ 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
Change in Net Position:										
Governmental Activities	\$ 351,859	\$ (367,327)	\$ 444,529	\$ (208,941)	\$ (1,271,165)	\$ 1,012,756	\$ 144,887	\$ 266,615	\$ (356,612)	\$ 116,718
Business-Type Activities	2,484	3,201	2,652	(214)	(14,548)	13,829	380	(22,321)	19,410	(27,842)
Total District	\$ 354,323	\$ (364,126)	\$ 447,181	\$ (209,155)	\$ (1,285,713)	\$ 1,026,585	\$ 145,267	\$ 244,294	\$ (337,202)	\$ 88,876

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Restricted	\$ 165,391	\$ 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
Committed	425	-	-	-	-	-	-	-	-	-
Assigned	473,870	-	-	-	-	-	-	-	-	-
Unassigned	-	59,494	150,556	58,624	130,749	144,059	167,160	174,679	85,070	(14,446)
Total General Fund	\$ 639,686	\$ 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
All Other Governmental Funds										
Unreserved, Reported in:										
Special Revenue Fund	\$ (7,326)	\$ (13,434)	\$ (9,487)	\$ (9,769)	\$ (13,433)	\$ (13,094)	\$ (8,180)	\$ (9,498)	\$ (8,485)	\$ (9,116)
Capital Projects Fund	-	-	-	-	-	277,741	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	2	2
Total All Other Governmental Funds	\$ (7,326)	\$ (13,434)	\$ (9,487)	\$ (9,769)	\$ (13,433)	\$ 264,647	\$ (8,180)	\$ (9,498)	\$ (8,483)	\$ (9,114)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Tax levy	\$ 2,748,368	\$ 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
Tuition charges	3,729	-	2,192	7,883	9,264	1,080	16,941	41,046	7,833	-
Interest	150	150	150	150	125	200	97	1,466	1,973	614
Miscellaneous	37,661	30,012	39,186	96,549	233,466	20,305	10,884	27,463	41,121	14,868
State Sources	1,655,166	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
Federal Sources	328,343	426,727	654,787	296,489	264,788	286,802	406,300	451,093	482,795	334,206
Total revenue	4,773,417	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
Expenditures										
Instruction:										
Regular Instruction	1,353,410	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
Special Education Instruction	512,070	353,173	440,289	332,050	338,961	303,797	347,883	279,473	267,009	259,138
Other Special Instruction	61,022	60,502	57,204	55,927	90,140	60,346	50,931	73,670	69,540	65,319
Other Instruction	24,802	18,008	25,456	75,587	-	-	-	-	-	-
Support Services & Undistributed Costs:										
Tuition	17,227	24,747	32,306	159,916	132,077	129,859	200,375	122,601	178,553	160,769
Attendance and Social Work Services	-	-	-	-	-	-	30,472	30,303	31,421	42,738
Health Services	-	-	-	-	-	-	67,751	70,992	62,387	62,523
Student & Instruction Related Services	681,288	676,464	616,765	645,812	599,132	523,056	475,331	446,863	450,866	400,874
Students - Extraordinary Services	-	-	-	-	-	-	80,800	54,462	51,900	40,580
Educational Media Services/School Library	-	-	-	-	-	-	49,784	55,197	48,847	24,296
Instructional Staff Training	-	-	-	-	-	-	665	851	166	2,911
General Administrative Services	105,865	98,254	110,395	91,023	129,445	130,595	142,200	149,649	147,954	183,019
School Administrative Services	93,868	87,930	92,028	89,677	125,158	121,243	37,896	37,984	53,313	36,086
Central Services	53,594	40,557	36,104	38,113	33,914	25,211	41,772	34,979	41,089	42,417
Administrative Information Technology	7,587	31,518	37,416	55,995	29,718	28,418	25,266	21,025	20,201	41,499
Plant Operations & Maintenance	279,681	338,388	305,674	287,790	1,199,796	1,178,045	229,703	251,938	247,517	227,244
Pupil Transportation	103,127	62,981	116,039	104,021	62,423	38,252	56,798	41,057	58,370	48,528
Business & Other Support Services	1,611,217	1,367,408	1,308,635	1,163,537	1,139,036	1,188,148	1,105,359	974,731	987,522	876,211
Debt Service:										
Principal	184,355	-	-	-	131,975	128,680	125,542	122,627	119,855	117,281
Interest	15,645	-	-	-	2,451	7,267	11,912	16,397	20,732	24,925
Capital Outlay	312,521	191,647	133,968	346,920	651,331	227,442	2,948	1,482	4,927	-
Total Expenditures	5,417,279	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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(643,862)	(150,885)	273,244	(531,911)	(1,952,892)	(795,085)	58,256	182,217	(394,812)	79,315
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	22,564	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	(9,000)	(10,000)	(17,000)	(20,900)	(19,916)	(5,000)	(21,000)	-	-	(14,619)
Total Other Financing Sources/ (Uses)	13,564	(844)	333,359	424,108	775,745	1,475,632	(21,000)	-	-	-
Net Change in Fund Balances	\$ (630,298)	\$ (151,729)	\$ 606,603	\$ (107,803)	\$ (1,177,147)	\$ 680,547	\$ 37,256	\$ 182,217	\$ (394,812)	\$ 79,315

Debt Service as a Percentage of Noncapital Expenditures	3.83%	N/A	N/A	N/A	2.33%	2.68%	3.37%	3.55%	3.52%	3.91%
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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
2018	\$ 150	N/A	3,729	\$ 35,641	\$ 39,520
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	-	14,868	15,482

Source: District records

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Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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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
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	23,517,700	395,764,200	184,782,100	-	28,206,900	632,270,900	83,155,500	-	715,426,400	0.866	647,752,177
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

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		
2018	0.418	0.462	N/A	N/A	N/A	
2017	0.431	0.435	0.967	0.417	2.250	
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	

Source: Municipal Tax Collector

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

	2018			2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Rank	Taxable Assessed Value	% of Total District Net Assessed Value
Seaside Heights					
AFMV LLC	\$ 30,988,800	4.86%	1	32,799,800	4.66%
Belle Freman Properties LLC	7,157,800	1.12%	2	23,056,000	2.95%
McGrath Partnership	6,322,000	0.99%	3	7,744,000	1.28%
Shree Atlantic Hospitality LLC	5,228,800	0.82%	4	7,729,100	0.52%
Samuel Tilles Inc.	4,280,600	0.67%	5	7,644,200	0.45%
Nini Feldman & Jill Finlay	3,700,000	0.58%	6	7,144,700	0.40%
Saddy Family LLC	3,526,900	0.55%	7	6,695,300	0.31%
Con Castle Amusements	3,400,000	0.53%	8	6,633,000	0.28%
Larsen Partnerships #2	3,274,600	0.51%	9	5,978,100	0.27%
Richard & Mary Peterson	3,128,900	0.49%	10	5,250,400	0.26%
Total	\$ 71,008,400	11.14%		\$ 110,674,600	15.72%

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	
2018	\$ 2,748,368	\$ 2,748,368	100%	-
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%	-

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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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		
2018	\$ -	N/A	\$ 28,701	\$ 28,701	N/A
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%

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

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		
2018	\$ -	N/A	\$ -	0.00%	N/A
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

**SEASIDE HEIGHTS SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
Unaudited**

GOVERNMENTAL UNIT		ESTIMATED PERCENTAGE APPLICABLE	DEBT OUTSTANDING
Seaside Heights			
Debt Repaid With Property Taxes:			
Borough of Seaside Heights	\$20,780,992	100.000%	\$ 20,780,992
Central Reigonal School District	\$1,848,000	8.00%	147,840.00
Ocean County General Obligation Debt	\$451,253,286	0.669%	<u>3,018,978</u>
Subtotal, Overlapping Debt			23,947,810
Seaside Heights School District Direct Debt			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$ 23,947,810</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

	2018	2017	2016	2015	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 16,202,423	\$ 22,575,426	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Net Debt Applicable to Limit	\$ 16,202,423	\$ 22,575,426	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal Debt Margin									5.87%	6.60%
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit										

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized Valuation Basis	
	Seaside Heights	Total
Average Equalized Valuation of Taxable Personal Services -		
2017	\$ 647,752,177	\$ 647,754,194
2016	637,374,723	637,376,739
2015	659,157,786	659,159,801
	\$ 1,944,290,734	\$ 1,944,290,734
	\$ 648,096,911	\$ 648,096,911
Debt Limit (2.5 % of Average Equalization Value)	16,202,423	16,202,423
Net Bonded School Debt	-	-
Legal Debt Margin	\$ 16,202,423	\$ 16,202,423

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 Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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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)
2018	2,903	N/A	N/A
2017	2,898	47,413	8.00%
2016	2,892	46,385	7.80%
2015	2,893	44,354	7.80%
2014	2,885	42,954	9.40%
2013	2,877	42,596	17.20%
2012	2,885	41,467	14.30%
2011	2,887	39,791	14.00%
2010	3,355	39,766	13.50%
2009	3,343	41,284	12.80%

^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

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular	15	17	17	19	19	18	17	16	16	16
Special Education	12	12	12	4	4	4	7	11	11	11
Other Special Education	1			4	5	5	1	2	2	2
Support Services:										
Student & Instruction Related Services	9	8	8	8	7	7	10	4	4	4
School Administrative Services	2	1	1	1	2	2	1	1	1	1
General & Business Administrative Services	1	1	1	1	1	1	2	4	4	4
Plant Operations & Maintenance	3	3	3	3	4	4	3	3	3	3
Total	43	42	42	40	42	41	41	41	41	41

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
						SCHOOL	ELEMENTARY				
2018	212	\$ 5,104,758	\$ 24,079	0.51%	27	7.9	7.9	227.0	209.4	6.40%	92.27%
2017	199	4,767,722	23,958	4.78%	24	8.3	8.3	213.3	196.7	-0.19%	92.22%
2016	198	4,527,353	22,865	7.81%	24	8.3	8.3	213.7	196.7	-5.69%	92.04%
2015	211	4,475,223	21,210	-14.27%	24	8.9	8.9	226.6	206	11.08%	90.86%
2014	207	5,121,156	24,740	18.36%	24	9.0	9.0	204.0	184	23.64%	90.20%
2013	232	4,849,335	20,902	18.90%	24	9.0	9.0	165.0	147	-26.67%	89.09%
2012	232	4,078,654	17,580	0.12%	29	8.0	8.0	225.0	204	2.74%	90.67%
2011	223	3,915,553	17,559	-2.18%	29	7.0	7.0	219.0	199	-2.23%	90.87%
2010	222	3,984,931	17,950	-0.10%	29	8.0	8.0	224.0	204	10.89%	91.07%
2009	201	3,611,589	17,968	9.49%	29	7.0	7.0	202.0	185	-3.81%	91.58%

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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, 2018:

- 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
2018	\$ 82,970	\$ 82,970
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

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, 2018
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

Fourth Section

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Seaside Heights School District
County of Ocean
Seaside Heights, NJ 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 activities, the 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, 2018, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated February 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,
HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, #2470

Toms River, New Jersey
February 14, 2019

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, NJ 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, 2018. 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, 2018.

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 federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully Submitted,
HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, #2470

Toms River, New Jersey
February 14, 2019

SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL AWARD IDENTIFICATION NUMBER	CFDA NUMBER	GRANTOR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2017	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) 2018	DEFERRED REVENUE AT JUNE 30, 2018	DUE TO GRANTOR AT JUNE 30, 2018
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:													
Non-Cash Assistance													
Cash Assistance													
Food Distribution Program	181NJ304N1099	10.555	Unavailable	\$ 15,345	7/1/17-6/30/18	\$ -	\$ -	\$ 15,345	\$ (15,345)	\$ -	\$ -	\$ -	\$ -
Fresh Fruit & Vegetable Program	181NJ304N1099	10.582	100-010-3350-006	12,075	7/1/17-6/30/18	-	-	11,163	(12,075)	-	(912)	-	-
National Performance Based Lunch	171NJ304N1099	10.555	100-010-3350-026	1,689	7/1/16-6/30/17	(123)	-	123	-	-	-	-	-
National Performance Based Lunch	1818NJ304N1099	10.555	100-010-3350-026	1,793	7/1/17-6/30/18	-	-	1,627	(1,793)	-	(166)	-	-
National School Lunch Program	171NJ304N1099	10.555	100-010-3350-026	89,539	7/1/16-6/30/17	(6,525)	-	6,525	-	-	-	-	-
National School Lunch Program	1818NJ304N1099	10.555	100-010-3350-026	97,100	7/1/17-6/30/18	(6,648)	-	88,114	(97,100)	-	(8,986)	-	-
Subtotal													
National Breakfast Program	171NJ304N1099	10.553	100-010-3350-028	31,751	7/1/16-6/30/17	(1,736)	-	1,736	-	-	-	-	-
National Breakfast Program	1818NJ304N1099	10.553	100-010-3350-028	31,835	7/1/17-6/30/18	(1,736)	-	31,061	(31,835)	-	(2,510)	-	-
Subtotal													
Total Child Nutrition Cluste													
Total U.S. Department of Agriculture													
						(8,384)	-	153,958	(158,148)	-	(12,574)	-	-
						(8,384)	-	153,958	(158,148)	-	(12,574)	-	-

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

Special Revenue Fund:													
Title I													
Title I	S010A170030	84.010	100-034-5064-194	189,064	7/1/17-6/30/18	-	-	147,262	(176,075)	-	(28,813)	-	-
Subtotal	S010A160030	84.010	100-034-5064-194	191,103	7/1/16-6/30/17	(128,743)	-	135,219	(6,476)	-	-	-	-
						(128,743)	-	282,481	(182,551)	-	(28,813)	-	-
Title II Part A	S367A170029	84.367	100-034-5063-290	16,174	7/1/17-6/30/18	-	-	16,174	(16,174)	-	-	-	-
Title II Part A	S367A160029	84.367	100-034-5063-290	32,270	7/1/16-6/30/17	(3,625)	-	30,386	(26,761)	-	-	-	-
Subtotal						(3,625)	-	46,560	(42,935)	-	-	-	-
Title III Immigrant	S365A160009	84.365A	100-034-5064-187	12,089	7/1/16-6/30/17	(2,693)	-	5,086	(2,393)	-	(2,678)	-	-
Subtotal	S365A170009	84.365A	100-034-5064-187	8,746	7/1/17-6/30/18	(2,693)	-	1,585	(4,263)	-	(2,678)	-	-
						(2,693)	-	6,671	(6,656)	-	(2,678)	-	-
Special Education Cluster													
I.D.E.A. Part B, Basic Regular	H027A170100	84.027	100-034-5065-016	79,897	7/1/17-6/30/18	-	-	79,897	(79,897)	-	-	-	-
I.D.E.A. Part B, Basic Regular	H027A160100	84.027	100-034-5065-016	81,829	7/1/16-6/30/17	(7,225)	-	20,799	(13,574)	-	-	-	-
Subtotal						(7,225)	-	100,696	(93,471)	-	-	-	-
I.D.E.A. Part B, Preschool	H173A170114	84.173	100-034-5065-020	2,167	7/1/17-6/30/18	-	-	2,167	(2,167)	-	-	-	-
I.D.E.A. Part B, Preschool	H173A160114	84.173	100-034-5065-020	2,195	7/1/16-6/30/17	(1,360)	-	1,923	(563)	-	-	-	-
Subtotal						(1,360)	-	4,090	(2,730)	-	-	-	-
Total Special Education Cluste						(8,585)	-	104,786	(96,201)	-	-	-	-
Total Special Revenue Fund						(143,646)	-	440,498	(328,343)	-	(31,491)	-	-
Total U.S. Department of Education						(143,646)	-	440,498	(328,343)	-	(31,491)	-	-
Total Federal Financial Assistance						\$ (152,030)	\$ -	\$ 594,456	\$ (486,491)	\$ -	\$ (44,065)	\$ -	\$ -

SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2017	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2018	MEMO	
										BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:											
General Fund:											
Choice Aid	18-495-034-5120-068	\$ 97,951	7/1/17-6/30/18	\$ -	\$ -	\$ 97,951	\$ (97,951)	\$ -	\$ -	\$ 9,778	\$ 97,951
Equalization Aid	18-495-034-5120-078	214,549	7/1/17-6/30/18	-	-	214,549	(214,549)	-	-	21,418	214,549
Special Education Aid	18-495-034-5120-089	111,652	7/1/17-6/30/18	-	-	111,652	(111,652)	-	-	11,146	111,652
Security Aid	18-495-034-5120-084	78,555	7/1/17-6/30/18	-	-	78,555	(78,555)	-	-	7,842	78,555
Adjustment Aid	18-495-034-5120-085	510,662	7/1/17-6/30/18	-	-	510,662	(510,662)	-	-	50,979	510,662
Per Pupil Growth Aid	18-495-034-5120-097	1,950	7/1/17-6/30/18	-	-	1,950	(1,950)	-	-	195	1,950
PARCC Readiness	18-495-034-5120-098	1,950	7/1/17-6/30/18	-	-	1,950	(1,950)	-	-	195	1,950
Professional Learning Community Aid	18-495-034-5120-101	1,960	7/1/17-6/30/18	-	-	1,960	(1,960)	-	-	195	1,960
Total State Aid Public				-	-	1,019,229	(1,019,229)	-	-	101,748	1,019,229
Transportation Aid	18-495-034-5120-014	11,203	7/1/17-6/30/18	-	-	11,203	(11,203)	-	-	1,118	11,203
Lead Testing for Schools Aid	17-495-034-5120-104	950	7/1/16-6/30/17	(950)	-	950	-	-	-	-	-
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	18-495-034-5095-002	129,406	7/1/17-6/30/18	-	-	129,406	(129,406)	-	-	-	129,406
On-Behalf TPAF Pension Contributions - Post Retirement Medi	18-495-034-5095-001	163,057	7/1/17-6/30/18	-	-	163,057	(163,057)	-	-	-	163,057
On-Behalf TPAF Pension Contributions	18-495-034-5094-006	252,457	7/1/17-6/30/18	-	-	252,457	(252,457)	-	-	-	252,457
On-Behalf TPAF Pension Contributions - NCGI	18-495-034-5095-007	435	7/1/17-6/30/18	-	-	435	(435)	-	-	-	435
Total General Fund				(950)	-	1,576,737	(1,575,787)	-	-	102,866	1,575,787
Special Revenue Fund:											
Preschool Education	18-495-034-5120-086	73,386	7/1/17-6/30/18	-	-	73,386	(73,386)	-	-	7,326	73,386
Total Special Revenue Fund				-	-	73,386	(73,386)	-	-	7,326	73,386
State Department of Agriculture:											
Enterprise Fund:											
National School Lunch Program (State Share)	18-100-010-3360-067	1,643	7/1/17-6/30/18	-	-	1,491	(1,643)	-	(152)	-	1,643
National School Lunch Program (State Share)	17-100-010-3360-067	1,549	7/1/16-6/30/17	(113)	-	113	-	-	-	-	-
Total Enterprise Fund				(113)	-	1,604	(1,643)	-	(152)	-	1,643
Total State Financial Assistance				\$ (1,063)	\$ -	\$ 1,651,727	(1,650,816)	\$ -	\$ (152)	\$ 110,192	\$ 1,650,816
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08:											
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)							163,057				
On-Behalf TPAF Pension Contributions (Nonbudgeted)							252,457				
On-Behalf TPAF Pension Contributions NCGI (Nonbudgeted)							435				
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08							\$ (1,234,867)				

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018**

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.

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, 2018. 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, 2018.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the 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 (\$115) for the general fund and \$6,108 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	\$ -	\$ 1,575,672	\$ 1,575,672
Special Revenue Fund	328,343	79,494	407,837
Food Service Fund	158,148	1,643	159,791
Total Awards & Financial Assistance	<u>\$ 486,491</u>	<u>\$ 1,656,810</u>	<u>\$ 2,143,301</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, 2018.

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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
YEAR ENDED JUNE 30, 2018**

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

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> yes	_____ no
Internal control over major programs:		
1) Material weakness(es) identified?	_____ yes	<u>X</u> no
2) Significant deficiency(ies) identified?	_____ yes	<u>X</u> none reported
Type of auditor's report issued on compliance for major programs		<u>Unmodified</u>

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____	State Aid Public:
495-034-5120-068	_____ School Choice Aid
495-034-5120-078	_____ Equalization Aid
495-034-5120-089	_____ Special Education Aid
495-034-5120-084	_____ Security Aid
495-034-5120-085	_____ Adjustment Aid
495-034-5120-097	_____ Per Pupil Growth Aid
495-034-5120-098	_____ PARCC Readiness
495-034-5120-101	_____ Professional Learning Community Aid

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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.

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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

STATE FINANCIAL ASSISTANCE

None.

**SEASIDE HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2018**

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.