

**SCHOOL DISTRICT
OF
SEA ISLE CITY**

For The Fiscal Year Ended June 30, 2019

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

**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2019**

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Introductory Section

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SEA ISLE CITY BOARD OF EDUCATION

4501 Park Road
Sea Isle City, New Jersey 08243

December 6, 2019

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Sea Isle City Public School District for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Sea Isle City Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principle officials. The financial section includes the financial statements and schedules, management's discussion and analysis, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES:

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

Sea Isle is a sending district. Grades K-12 are sent to Ocean City Schools. The following details the changes in the student enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Change</u>	<u>Percent Change</u>
2018-2019	83	0	0.00%
2017-2018	83	3	0.04%
2016-2017	80	-8	-0.09%
2015-2016	88	-7	-0.07%
2014-2015	95	-2	-0.02%
2013-2014	97	0	0.00%
2012 -2013	97	49	102.08%
2011-2012	48	0	0.00%
2010-2011	48	-12	-20.00%
2009-2010	60	-7	-10.45%

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

ECONOMIC CONDITION AND OUTLOOK:

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

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

MAJOR INITIATIVES:

The Sea Isle City Public School District in 2012/2013 became a 100% sending district. As a result, Sea Isle City students in all grades are attending school in Ocean City.

In addition, an inter-local agreement to share administrative services was established between Ocean City Board of Education and the Sea Isle City Board of Education, effective July 1, 2010.

INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by District management.

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

BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance as of June 30, 2019.

ACCOUNTING SYSTEM AND REPORTS:

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

DEBT ADMINISTRATION:

As of June 30, 2019, the Sea Isle City Public School District had no outstanding debt issues.

CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in the "Notes to Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT:

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

OTHER INFORMATION:

Independent audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Ford, Scott & Associates, LLC was selected by the Board’s audit committee. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and New Jersey OMB Circular Letter 15-08. The auditor’s report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s report related specifically to the single audit is included in the single audit section of this report.

ACKNOWLEDGEMENTS:

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

Respectfully submitted,

Timothy Kelley

Timothy Kelley
School Business Administrator

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

**ROSTER OF OFFICIALS
JUNE 30, 2019**

Members of the Board of Education

Term Expires

Daniel A. Tumolo, President

2020

Carolyn B. Shirk

2019

John F. Birkmeyer

2019

Patricia A. Halfpenny

2021

Kerry E. Mullane

2020

Other Officials

Timothy Kelley, School Business Administrator/Board Secretary

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

AUDIT FIRM

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

ATTORNEY

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

ARCHITECT OF RECORD

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

OFFICIAL DEPOSITORY

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

MBIA

113 King Street
Armonk, NY 10504

Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Board of Education of the Sea Isle City School District, in the County of Cape May, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 entity'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 entity'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 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, each major fund, and the aggregate remaining fund information of the Sea Isle City School District Board of Education, in the County of Cape May, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sea Isle City Board of Education's basic financial statements. The combining and individual non-major fund financial statements and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of state financial assistance, as required by NJ OMB 15-08 is the responsibility of management and was 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 and 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 combining and individual non-major fund financial statements and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019 on our consideration of the Sea Isle City Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sea Isle City Board of Education's internal control over financial reporting and compliance.

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

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

December 6, 2019

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Required Supplemental Information
Part I

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**SEA ISLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED**

The discussion and analysis of Sea Isle City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- In total, net position increased \$148,198.00, which represents an 8.8% increase from 2018.
- General revenues accounted for \$2,087,032.10 in revenue or 100% of all revenues.
- Total assets of governmental activities increased by \$111,423.00 as cash and cash equivalents increased by \$165,394.00 and the district's loan receivable decreased by \$32,000.00. Receivables decreased by \$21,971 due to the district not receiving Extraordinary Aid. Increase in cash is due to an excess of revenues over expenditures.
- The School District had \$2,022,716.10 in expenses. General revenues (primarily taxes) of \$2,170,914.10 and the budgeted use of prior fund balance were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$2,119,032.10 in revenues and \$1,986,409.10 in expenditures and other financing uses. The General Fund's fund balance increased \$132,623.00 from 2018.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Sea Isle City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**SEA ISLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District has only one kind of activity:

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal services.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund and the Special Revenue Fund.

Governmental Funds

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

**SEA ISLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)**

Notes to the Financial Statements

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

The School District as a Whole

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

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

Table 1 provides a summary of the School District's net assets for 2019 and 2018.

**Table 1
Net Position**

	<u>2019</u>	<u>2018</u>
Assets		
Current and Other Assets	\$ 1,920,180.27	\$ 1,808,757.27
Capital Assets		
Total Assets	<u>1,920,180.27</u>	<u>1,808,757.27</u>
Liabilities		
Other Liabilities	<u>10,800.00</u>	<u>-</u>
Total Liabilities	<u>10,800.00</u>	<u>-</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	<u>68,508.00</u>	<u>116,083.00</u>
	<u>68,508.00</u>	<u>116,083.00</u>
Net Position		
Restricted	1,177,741.32	1,112,674.32
Unrestricted	663,130.95	579,999.95
Total Net Position	<u>\$ 1,840,872.27</u>	<u>\$ 1,692,674.27</u>

The District's combined net position was \$1,840,872.27 on June 30, 2019. This is an increase from 2018 of \$148,198.00 due to revenues exceeding expenditures.

**SEA ISLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal years 2019 and 2018.

**Table 2
Changes in Net Position**

	2019	2018
Revenues		
General Revenues:		
Property Taxes	\$ 1,827,302.04	\$ 1,827,302.00
Grants and Entitlements	251,051.00	301,199.00
Operating Grants and Contributions	83,882.00	64,879.00
Other	8,679.06	11,642.45
Total Revenues	2,170,914.10	2,205,022.45
Program Expenses		
Instruction		
Support Services:		
Tuition	1,374,473.91	1,216,358.16
Student and Instruction Related Services	143,706.99	153,159.39
Business Operations and Maintenance of Facilities	97,807.00	83,504.81
Pupil Transportation	403,300.20	412,713.39
Special Schools		
Other	3,428.00	3,428.00
Total Expenses	2,022,716.10	1,869,163.75
Increase/(Decrease) in Net Position	\$ 148,198.00	335,858.70

The District's expenditures increased \$153,552.35 due mainly to an increase in tuition costs over the prior year.

Governmental Activities

Property taxes made up 84.17% of revenues for governmental activities for the Sea Isle City School District for fiscal year 2019. The District's total revenues were \$2,170,914.10 for the year ended June 30, 2019. Federal, state, and local grants accounted for another 11.56% of revenue.

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**SEA ISLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)**

	2019		2018	
	2019 Amount	Percentage	2018 Amount	Percentage
Property taxes	\$ 1,827,302	84.17%	\$ 1,827,302	82.87%
Unrestricted Federal and State aid	251,051	11.56%	301,199	13.66%
Miscellaneous	8,679	0.40%	11,642	0.53%
Operating grants and contributions	83,882	3.86%	64,879	2.94%
Totals	\$ 2,170,914	100.00%	\$ 2,205,022	100.00%

Governmental Activities

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

**Table 3
Costs of Services**

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Instruction	\$ -	-	-	-
Support Services:				
Tuition	1,374,473.91	1,374,473.91	1,216,358.16	1,216,358.16
Pupils and Instructional Staff	143,706.99	102,009.00	153,159.39	118,200.00
General Administration, School Administration, and Business Operations	97,807.00	55,622.99	83,504.81	53,585.20
Pupil Transportation	403,300.20	403,300.20	412,713.39	412,713.39
Other	3,428.00	3,428.00	3,428.00	3,428.00
Total Expenses	\$ 2,022,716.10	1,938,834.10	1,869,163.75	1,804,284.75

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

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

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

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

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

"Other" includes the Board contribution to the special schools and unallocated depreciation.

**SEA ISLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)**

The School District's Funds

All governmental funds (i.e., general fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$2,119,032.10 and expenditures were \$1,986,409.10. The net change in fund balance for the year in the General Fund was an increase of \$132,623.00.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2019, and the amount and percentage of total revenues compared to prior year revenues.

Revenue	2018-19 Amount	Percentage of Total	2017-18 Amount	Percentage of Total
Local Sources	\$ 1,867,981.10	88.15%	\$ 1,870,944.45	86.13%
State Sources	251,051.00	11.85%	301,199.00	13.87%
Total	<u>\$ 2,119,032.10</u>	<u>100.00%</u>	<u>\$ 2,172,143.45</u>	<u>100.00%</u>

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2019, and the percentage of total expenditures compared to prior year amounts.

Expenditures	2018-19 Amount	Percentage of Total	2017-18 Amount	Percentage of Total
Current Expense:				
Instruction	\$ -	0.00%		0.00%
Undistributed				
Expenditures	1,982,981.10	99.83%	1,848,431.75	99.81%
Capital Outlay	3,428.00	0.17%	3,428.00	0.19%
Total	<u>\$ 1,986,409.10</u>	<u>100.00%</u>	<u>\$ 1,851,859.75</u>	<u>100.00%</u>

General Fund Budgeting Highlights

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

**SEA ISLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED (CONTINUED)**

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

- The District realized Nonpublic Transportation Aid of \$4,930.00. The amount was not anticipated in the District's budget.
- Various expenses were below anticipated levels. This is a result of the District being a 100% sending district.

Capital Assets

At June 30, 2019, the School District did not have any capital assets.

Debt Administration

At June 30, 2019, the School District's had no debt.

For the Future

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

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office at the Ocean City School District, 501 Atlantic Ave. Ocean City, NJ 08226.

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BASIC FINANCIAL STATEMENTS

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DISTRICT - WIDE FINANCIAL STATEMENTS

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SEA ISLE CITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,851,250.27	1,851,250.27
Receivables, Net	4,930.00	4,930.00
Loan Receivable	64,000.00	64,000.00
 Total Assets	 <u>1,920,180.27</u>	 <u>1,920,180.27</u>
 LIABILITIES		
Accounts Payable	10,800.00	10,800.00
 Total Liabilities	 <u>10,800.00</u>	 <u>10,800.00</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<u>68,508.00</u>	<u>68,508.00</u>
 NET POSITION		
Restricted for:		
Other Purposes	1,177,741.32	1,177,741.32
Unrestricted	663,130.95	663,130.95
 Total Net Position	 <u>\$ 1,840,872.27</u>	 <u>1,840,872.27</u>

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

SEA ISLE CITY SCHOOL DISTRICT
Statement of Changes in Net Position
For the Year Ended June 30, 2019

Function/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:						
Instruction:						
Regular	\$ -	-	-	-	-	-
Support Services:						
Tuition	1,374,473.91	-	-	-	-	(1,374,473.91)
Student & Instruction Related Services	143,706.99	-	-	41,697.99	-	(102,009.00)
School Administrative Services	-	-	-	-	-	-
Other Administrative Services	54,168.30	-	-	23,362.70	-	(30,805.59)
Plant Operation and Maintenance	-	-	-	-	-	-
Pupil Transportation	403,300.20	-	-	-	-	(403,300.20)
Business and Other Support	43,638.70	-	-	18,821.31	-	(24,817.40)
Special Schools	-	-	-	-	-	-
Unallocated Benefits	-	-	-	-	-	-
Capital Outlay	3,428.00	-	-	-	-	(3,428.00)
Interest on Long-Term Debt	-	-	-	-	-	-
Total Governmental Activities	<u>2,022,716.10</u>	<u>-</u>	<u>-</u>	<u>83,882.00</u>	<u>-</u>	<u>(1,938,834.10)</u>
Total Primary Government	<u>\$ 2,022,716.10</u>	<u>-</u>	<u>-</u>	<u>83,882.00</u>	<u>-</u>	<u>(1,938,834.10)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net						\$ 1,827,302.04
Federal and State Aid not Restricted						251,051.00
Miscellaneous Income						8,679.06
Total General Revenues, Special Items, Extraordinary Items and Transfers						<u>2,087,032.10</u>
Change in Net Position						<u>148,198.00</u>
Net Position - Beginning						1,692,674.27
Net Position - Ending						<u>\$ 1,840,872.27</u>

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

FUND FINANCIAL STATEMENTS

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SEA ISLE CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Total Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 1,851,250.27	1,851,250.27
Receivables from Other Governments	4,930.00	4,930.00
Total Assets	1,856,180.27	1,856,180.27
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	10,800.00	10,800.00
Due to Other Funds		-
Payable to Federal Government		-
Total Liabilities	10,800.00	10,800.00
Fund Balances:		
Restricted for:		
Tax Stabilization	650,000.00	650,000.00
Excess Surplus Undesignated	425,423.95	425,423.95
Excess Surplus - Designated for Subsequent Years Expenditures	326,606.95	326,606.95
Committed for:		
Capital Reserve	2,986.32	2,986.32
Emergency Reserve	171,165.00	171,165.00
Assigned to:		
Encumbrances	-	-
Designated by BOE for Subsequent Expenditures	26,983.05	26,983.05
Unassigned		
General Fund	242,215.00	242,215.00
Debt Service Fund		-
Total Fund Balances	1,845,380.27	1,845,380.27
Total Liabilities and Fund Balances	\$ 1,856,180.27	

Amounts reported for *governmental activities* in the statement
of net assets (A-1) are different because:

Loans receivable from the sale of capital assets are not due and receivable in the current period and therefore are not reported as assets in the general fund	64,000.00
Net Pension Liability	(68,508.00)
	\$ 1,840,872.27

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

SEA ISLE CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Local Sources:		
Local Tax Levy	\$ 1,827,302.04	1,827,302.04
Miscellaneous	40,679.06	40,679.06
Total Local Sources	<u>1,867,981.10</u>	<u>1,867,981.10</u>
State Sources	251,051.00	251,051.00
 Total Revenues	 <u>2,119,032.10</u>	 <u>2,119,032.10</u>
EXPENDITURES		
Current:		
Support Services:		
Tuition	1,374,473.91	1,374,473.91
Student & Instruction Related Serv.	102,009.00	102,009.00
Other Administrative Services	57,153.98	57,153.98
Pupil Transportation	403,300.20	403,300.20
Business and Other Support Serv.	46,044.01	46,044.01
Capital Outlay	3,428.00	3,428.00
 Total Expenditures	 <u>1,986,409.10</u>	 <u>1,986,409.10</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>132,623.00</u>	 <u>132,623.00</u>
 Net Changes in Fund Balance	 132,623.00	 132,623.00
 Fund Balance - July 1	 1,712,757.27	 1,712,757.27
 Fund Balance - June 30	 <u>\$ 1,845,380.27</u>	 <u>1,845,380.27</u>

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

SEA ISLE CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$	132,623.00
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Payments received for roof lease purchase	(32,000.00)	
Cost of benefits earned net of employee contributions	<u>47,575.00</u>	15,575.00
Change in Net Position of Governmental Activities	<u>\$</u>	<u>148,198.00</u>

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

SEA ISLE CITY SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2019

	Unemployment Compensation
ASSETS	
Cash and Cash Equivalents	\$ 91,940.89
Investments, at Fair Value:	
None	
Total Investments	-
Accounts Receivable	
Total Assets	91,940.89
LIABILITIES	
Due to General Fund	
Payroll Deductions and Withholdings	
Total Liabilities	-
NET POSITION	
Held in Trust for Unemployment Claims and Other Purposes	\$ 91,940.89

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

SEA ISLE CITY SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	Unemployment Compensation
ADDITIONS	
Contributions:	
Plan Members	\$ -
Board Contribution	-
Other	-
Total Contributions	-
Investment Earnings:	
Interest	91.64
Less: Investment Expense	
Net Investment Earnings	91.64
Total Additions	91.64
DEDUCTIONS	
Unemployment Claims	-
Total Deductions	-
Changes in Net Assets	91.64
Net Position - Beginning of the Year	91,849.25
Net Position - End of the Year	\$ 91,940.89

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

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sea Isle City School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A business administrator is hired by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Sea Isle City School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The Sea Isle City School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-12.

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

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

Based on the aforementioned criteria, the District has no component units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as whole) and fund financial statements (reporting the District's major funds). Both government-wide and fund financial statements categorize primary activities as governmental. The District's general activities are classified as governmental activities.

In the governmental-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Changes in Net Position reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, interest income, etc.).

The governmental-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis on fund financial statements is on the major funds is in the governmental categories. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental activities in the governmental-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit 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.

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

All fund internal activity is eliminated when carried to the Government-wide statements.

4. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

5. Expenditures:

Expenses are recognized when the related fund liability is incurred.

6. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

7. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and under certain circumstances require approval by the County Superintendent of Schools. No material transfers were made to/(from) budgetary line items during the year.

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

8. 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 reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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.

9. Tuition Payable:

Tuition charges for the fiscal years 2018/19 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

10. Use of Estimates:

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

11. 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 fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. 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.

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for reporting periods beginning after December 15, 2019, may have an effect on the District's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an amendment of GASB Statement No. 14 and No. 61". This statement, which is effective for fiscal period beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the District's financial reporting.

NOTE 2. CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investment established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2019, \$0 of the government's bank balance of \$2,119,905.79 was exposed to custodial credit risk.

NOTE 3. INVESTMENTS

The District had no investments at June 30, 2019.

NOTE 4. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 155, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.34% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.50% of covered payroll. The School District's contributions to TPAF for years ending June 30, 2019, 2018 and 2017 were \$0, \$0 and \$0, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the year ending June 30, 2019, 2018 and 2017 were \$0, \$0, and \$0 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2019, 2018 and 2017, the State of New Jersey contributed \$0, \$0 and \$0, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$0, \$0 and \$0, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

NOTE 5: PUBLIC EMPLOYEES' RETIREMENT SYSTEM

At June 30, 2019, the District reported a liability of \$0 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.0%, which was an increase of 0.0% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$47,575. At June 30, 2018, the 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		
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		68,508.00
District contributions subsequent to the measurement date		
Total	\$ -	\$ 68,508.00

\$0 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 2,764.00
2020	(4,738.00)
2021	(30,386.00)
2022	(27,224.00)
2023	(8,924.00)
Total	\$ (68,508.00)

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all period in the measurement:

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%

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 Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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 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, 2018) 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 inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on 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. 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 50% of the actuarially determined contributions and the local employers contributed 100% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participated employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension 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:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the net pension liability	\$ -	-	-

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

Pension plan fiduciary net position.

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

NOTE 6. OTHER POST-RETIREMENT BENEFITS

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirement. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, and increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 53, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

Discount Rate: The discount rate basis under GASB 75 is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate will be based on this index rate that is reported on the last Friday prior to the measurement date.

The discount rates as of June 30, 2016, 2017, and 2018 are 2.58%, 3.58%, and 3.87%, respectively.

Health Care Trend: For pre-Medicare PPO medical benefits, the initial amount is 5.8% and decreases to 5.0% long term trend rate after 8 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after 8 years. For prescription drug benefits, the initial trend rate is 8% decreasing to a 5.0% long-term trend rate after 7 years.

Salary Scale: The salary scale assumptions in the calculation of Entry Age Normal (Level Percent) liability and normal costs will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree health contributions for current and future retirees who are subject to Chapter 78. The PERS and TPAF pension actuarial reports are used for the fiscal year ending June 30, 2018.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based on RP-2006 headcount-weighted mortality table for healthy and disabled lives with fully generational mortality improvement projections from the central year using Scale MP-2017.

Pre-retirement Healthy Mortality: RP-2006 headcount-weighted healthy employee male/female mortality table with fully generational mortality improvement projections from the central year using scale MP-2017.

Post-retirement Healthy Mortality: RP-2006 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Disabled Mortality: RP-2006 headcount-weighted disabled male/female mortality table with fully generational improvement projections from the central year using scale MP-2017

Changes in the Total OPEB liability reported by the State of New Jersey:

Balance at 6/30/17	\$ 53,639,841,858.00
Changes for the year:	
Service cost	1,984,642,729.00
Interest	1,970,236,232.00
Differences between Expected & Actual Experiences	(5,002,065,740.00)
Changes in assumptions or other inputs	(5,291,448,855.00)
Contributions: Member	42,614,005.00
Benefit payments	<u>(1,232,987,247.00)</u>
Net changes	<u>(7,529,008,876.00)</u>
Balance at 6/30/18	<u>\$ 46,110,832,982.00</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the State for school board retirees, as well as what the state's total OPEB liability for school boards would be if it were calculated using a discount rate that 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability (School Retirees)	54,512,391,175.00	46,110,832,982.00	39,432,461,816.00

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the State, as well as what the State's total OPB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	38,113,289,045.00	46,110,832,982.00	56,687,891,003.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$(83,883) determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (4,476,086,167.00)
Changes of assumptions		(10,335,978,867.00)
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
 Total	 \$ -	 (14,812,065,034.00)

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

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

Year ended June 30,	
2019	\$ (1,825,218,593.00)
2020	(1,825,218,593.00)
2021	(1,825,218,593.00)
2022	(1,825,218,593.00)
2023	(1,825,218,593.00)
Thereafter	(5,685,972,069.00)
Total	<u>\$ (14,812,065,034.00)</u>

(Contributions made after June 30, 2018 are reported as deferred outflow of resources but are not amortized in the expense.)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

NOTE 7. FUND BALANCE APPROPRIATED

General Fund – Of the \$1,858,095.27 General Fund fund balance, at June 30, 2019, \$0 is reserved for encumbrances; \$26,983.05 is restricted as designated for subsequent years expenditures and \$752,030.90 is restricted as excess surplus in accordance with N.J.S.A. 18A:7-F (\$326,606.95 of the reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2020), \$2,986.32 is reserved as Capital Reserve for projects included in the Long Range Facilities Plan, \$171,165.00 is set aside as Emergency Reserve for unanticipated general fund expenditures, \$650,000.00 has been restricted by the Board of Education in a legal reserve for tax stabilization and \$254,930.00 is unassigned.

NOTE 8. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, c.73, the designation for Reserved Fund Balance – Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$752,030.90 of which \$326,606.95 has been appropriated and included as anticipated revenue for the year ending June 30, 2020.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property and liability. As a non-operating district, the only assets for coverage purposes are those in the office of the Board Secretary.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its

SEA ISLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 91.64	\$ -	\$ -	\$ 91,940.89
2017-2018	91.54	-	-	91,849.25
2016-2017	91.72	-	-	91,757.71

NOTE 10. LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse effect on the accompanying financial statements.

NOTE 11. CLOSING OF SCHOOL FACILITY

The District is currently sending all their students to other districts. All capital assets were sold to the City of Sea Isle for \$160,000.00 that will be received over five years. The loan receivable at June 30, 2019 was \$64,000.

NOTE 12. SUBSEQUENT EVENTS

The District has evaluated events through December 6, 2019, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

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Required Supplemental Information
Part II

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BUDGETARY COMPARISON SCHEDULES

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SEA ISLE CITY SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,827,302.00	-	1,827,302.00	1,827,302.04	0.04
Unrestricted Miscellaneous Revenues	2,165.00	-	2,165.00	40,679.06	38,514.06
Total Local Sources	1,829,467.00	-	1,829,467.00	1,867,981.10	38,514.10
State Sources:					
Categorical Special Education Aid	65,411.00	-	65,411.00	65,411.00	-
Adjustment Aid	84,613.00	(17,010.00)	67,603.00	67,603.00	-
Categorical Security Aid	16,305.00	-	16,305.00	16,305.00	-
Categorical Transportation Aid	96,010.00	-	96,010.00	96,010.00	-
Nonpublic Transportation				4,930.00	4,930.00
Total State Sources	262,339.00	(17,010.00)	245,329.00	250,259.00	4,930.00
Total Revenues	2,091,806.00	(17,010.00)	2,074,796.00	2,118,240.10	43,444.10

SEA ISLE CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	1,049,601.00	-	1,049,601.00	1,046,004.82	3,596.18
Tuition to Other LEAs Within the State-Special	263,519.00	(24,319.00)	239,200.00	138,614.99	100,585.01
Tuition to Co. Voc. School District-Regular	18,452.00	21,655.00	40,107.00	40,107.00	-
Tuition to CSSD & Regional Day Schools	355,527.00	(17,010.00)	338,517.00	149,747.10	188,769.90
Total Undistributed Expenditures - Instruction	1,687,099.00	(19,674.00)	1,667,425.00	1,374,473.91	292,951.09
Undistributed Expend. - Attendance & Social Work					
Undist. Expend. - Guidance	80,000.00	2,664.00	82,664.00	82,664.00	-
Purchased Professional - Educational Services	80,000.00	2,664.00	82,664.00	82,664.00	-
Total Undist. Expend. - Guidance	80,000.00	2,664.00	82,664.00	82,664.00	-
Undist. Expend. - Improvement of Inst. Services	33,200.00	-	33,200.00	19,345.00	13,855.00
Purchased Professional - Educational Services	33,200.00	-	33,200.00	19,345.00	13,855.00
Total Undist. Expend. - Improvement of Inst. Serv.	33,200.00	-	33,200.00	19,345.00	13,855.00
Undist. Expend. - Supp. Serv. - General Admin.	10,000.00	-	10,000.00	707.05	9,292.95
Legal Services	10,000.00	-	10,000.00	10,000.00	-
Audit Fees	10,000.00	-	10,000.00	10,000.00	-
Other Purchased Professional Services	30,000.00	5,000.00	35,000.00	35,000.00	-
Communications/Telephone	7,400.00	(5,000.00)	2,400.00	985.64	1,414.36
BOE Other Purchased Services	5,000.00	-	5,000.00	4,666.30	333.70
General Supplies	9,000.00	-	9,000.00	2,031.69	6,968.31
BOE Membership Dues and Fees	4,258.00	-	4,258.00	3,763.30	494.70
Total Undistributed Expenditures - Support Services - General Administration	75,658.00	-	75,658.00	57,153.98	18,504.02
Undistributed Expenditures - Central Services					
Purchased Professional Services	62,000.00	-	62,000.00	45,744.01	16,255.99
Supplies and Materials	1,000.00	-	1,000.00	300.00	700.00
Miscellaneous Expenditures	1,000.00	-	1,000.00	-	1,000.00
Total Undistributed Expenditures - Central Services	64,000.00	-	64,000.00	46,044.01	17,955.99
Undist. Expend. - Required Maint. School Fac.					
Undist. Expend. - Student Transportation Serv.					
Confr. Serv. Trans. (Bet. Home & School) - Vendors	436,944.00	-	436,944.00	403,300.20	33,643.80
Transportation Services	436,944.00	-	436,944.00	403,300.20	33,643.80
TOTAL UNDISTRIBUTED EXPENDITURES	2,376,901.00	(17,010.00)	2,359,891.00	1,982,981.10	376,909.90
TOTAL GENERAL CURRENT EXPENSE	2,376,901.00	(17,010.00)	2,359,891.00	1,982,981.10	376,909.90

SEA ISLE CITY SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services	3,428.00		3,428.00	3,428.00	-
Assessment for Debt Service on SDA Funding	3,428.00	-	3,428.00	3,428.00	-
Total Facilities Acquisition and Construction Serv.	3,428.00	-	3,428.00	3,428.00	-
TOTAL CAPITAL OUTLAY					
TOTAL EXPENDITURES	2,380,329.00	(17,010.00)	2,363,319.00	1,986,409.10	376,909.90
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(288,523.00)	-	(288,523.00)	131,831.00	420,354.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(288,523.00)	-	(288,523.00)	131,831.00	420,354.00
Fund Balance July 1	1,726,264.27	-	1,726,264.27	1,726,264.27	-
Fund Balance June 30	\$ 1,437,741.27	-	1,437,741.27	1,858,095.27	420,354.00

Recapitulation:

Restricted Fund Balance:	
Tax Stabilization	650,000.00
Excess Surplus Designated for Subsequent Years Expenditures	326,606.95
Reserve for Excess Surplus	425,423.95
Committed Fund Balance:	
Capital Reserve	2,986.32
Emergency Reserve	171,165.00
Assigned Fund Balance:	
Encumbrances	-
Designated for Subsequent Year's Expenditures	26,983.05
Unassigned Fund Balance	254,930.00
Fund Balance per Governmental Funds (GAAP)	<u>1,858,095.27</u>
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments not recognized on GAAP Basis	(12,715.00)
	<u>\$ 1,845,380.27</u>

SEA ISLE CITY SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2019

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

		<u>General Fund</u>
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 2,118,240.10
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
Final two State Aid payments were delayed until July 2018 is recorded as GAAP revenue but is not recognized as budgetary revenue.		13,507.00
Final two State Aid payments were delayed until July 2019 is recorded as budgetary revenue but is not recognized under GAAP.		(12,715.00)
	[B-2]	<u>2,119,032.10</u>
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	1,986,409.10
No differences - Budget to GAAP		-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental fund	[B-2]	<u>\$ 1,986,409.10</u>

Required Supplemental Information
Part III

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SEA ISLE CITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Six Fiscal Years

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%	0.0016030959%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,383
District's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,889
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%	1712.69%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

**SEA ISLE CITY SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Six Fiscal Years**

	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,079
Contributions in relation to the contractually required contribution	-	-	-	-	-	12,079
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,889
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	67.52%

Source: GASB 68 report on Public Employees' Retirement System; District records

SEA ISLE CITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Six Fiscal Years

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	-	-	-	3,694,244	3,319,751	3,541,996
Total	\$ -	\$ -	\$ -	\$ 3,694,244	\$ 3,319,751	\$ 3,541,996
District's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,650
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

SEA ISLE CITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
Public Employee Retirement System and Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-	-
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 3,482,936.00</u>	<u>4,697,446.00</u>	<u>5,268,763.00</u>
Total	<u>\$ 3,482,936.00</u>	<u>4,697,446.00</u>	<u>5,268,763.00</u>
District's covered payroll	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:			
Service Cost	-	-	
Interest Cost	166,573.00	148,677.00	
Expected v. Actual	(891,486.00)	-	
Changes in Assumptopns	(399,684.00)	(615,197.00)	
Member Contributions	3,219.00	4,006.00	
Benefit Payments	(93,132.00)	(108,803.00)	
Change in Total Opeb Liability	<u>(1,214,510.00)</u>	<u>(571,317.00)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	<u>4,697,446.00</u>	<u>5,268,763.00</u>	
Ending Balance	<u>\$ 3,482,936.00</u>	<u>\$ 4,697,446.00</u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	0.00%	0.00%	

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.
However, information is only currently available for three years.
Additional years will be presented as they become available.

FIDUCIARY FUNDS

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

Unemployment Compensation Insurance Trust Fund-

This is an expendable trust fund used to pay unemployment compensation insurance claims.

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

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

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SEA ISLE CITY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2019

	Unemployment Compensation Trust	Totals
	<u>Trust</u>	<u>Totals</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>91,940.89</u>	<u>91,940.89</u>
Total Assets	<u>91,940.89</u>	<u>91,940.89</u>
LIABILITIES		
Due to General Fund	-	-
Payroll Deductions & Withholdings	-	-
Total Liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	\$ <u>91,940.89</u>	91,940.89
Total Net Position		<u>91,940.89</u>
Total Liabilities and Net Position		\$ <u>91,940.89</u>

SEA ISLE CITY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	Unemployment Compensation Trust	Totals
ADDITIONS		
Contributions:		
Plan Members	\$ -	-
Board Contribution	-	-
Other	-	-
Total Contributions	<u>-</u>	<u>-</u>
Investments Earnings:		
Interest	91.64	91.64
Net Investment Earnings	<u>91.64</u>	<u>91.64</u>
Total Additions	<u>91.64</u>	<u>91.64</u>
Deductions		
Unemployment Claims		-
Total Deductions	<u>-</u>	<u>-</u>
Change in Net Position	91.64	91.64
Net Position - Beginning of the Year	<u>91,849.25</u>	<u>91,849.25</u>
Net Position - End of the Year	<u>\$ 91,940.89</u>	<u>91,940.89</u>

Statistical Section

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SEA ISLE CITY SCHOOL DISTRICT
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	1,122,873.70	1,139,560.55	1,133,245.27	-	-	1,438,908.36	1,291,891.32	867,680.32	1,112,674.32	1,177,741.32
Restricted	653,622.54	439,180.94	516,173.01	1,034,860.36	1,456,822.45	212,420.00	228,704.43	489,135.25	579,999.95	663,130.95
Unrestricted	393,615.12	463,389.56	256,960.70	486,179.00	180,490.00	1,651,328.36	1,520,595.75	1,356,815.57	1,692,674.27	1,840,872.27
Total governmental activities net position	2,170,111.36	2,042,131.05	1,906,378.98	1,521,039.36	1,637,312.45*	1,651,328.36	1,520,595.75	1,356,815.57	1,692,674.27	1,840,872.27
Business-type activities										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted	10,808.74	6,458.69	16,261.45	-	-	-	-	-	-	-
Unrestricted	10,808.74	6,458.69	16,261.45	-	-	-	-	-	-	-
Total business-type activities net position	-	-	-	-	-	-	-	-	-	-
District-wide										
Net investment in capital assets	1,122,873.70	1,139,560.55	1,133,245.27	-	-	1,438,908.36	1,291,891.32	867,680.32	1,112,674.32	1,177,741.32
Restricted	653,622.54	439,180.94	516,173.01	1,034,860.36	1,456,822.45	212,420.00	228,704.43	489,135.25	579,999.95	663,130.95
Unrestricted	404,423.86	469,846.25	273,222.15	486,179.00	180,490.00	1,651,328.36	1,520,595.75	1,356,815.57	1,692,674.27	1,840,872.27
Total district net position	2,180,920.10	2,048,589.74	1,922,640.43	1,521,039.36	1,637,312.45	1,651,328.36	1,520,595.75	1,356,815.57	1,692,674.27	1,840,872.27

* Net position was restated as of June 30, 2014 as required by implementation of GASB 68.

Source: CAFR Schedule A-1

SEA ISLE CITY SCHOOL DISTRICT
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
Instruction:										
Regular	879,594.30	718,823.16	627,200.34	5,560.99	-	9,122.34	45,347.79	13,864.70		
Special education	111,703.72	208,192.89	89,188.49							
Other instruction	98.99		7,893.40							
Support Services:										
Tuition	1,484,489.62	1,792,164.15	2,102,408.61	2,318,249.56	1,763,706.65	1,360,876.57	1,585,234.49	1,670,381.57	1,216,368.16	1,374,473.91
Student & instruction related services	390,107.89	354,863.94	359,464.42	65,950.30	5,970.04	348,053.92	138,732.92	114,200.00	153,159.39	143,706.99
Other administrative services	203,534.81	130,426.63	163,148.61	133,436.64	54,222.75	25,854.37	18,556.47	13,584.28	26,242.69	54,166.30
School administrative services	11,456.01	29,474.48	13,103.41	32,651.70	-	-	-	-	-	-
Business and Other Support				87,295.06	92,820.09	26,362.78	23,615.80	22,347.32	57,262.12	43,638.70
Plant operations and maintenance	313,718.96	270,869.28	222,981.84	206,362.76	6,022.47	-	-	-	-	-
Pupil transportation	318,721.13	242,339.82	330,525.82	396,356.25	459,982.15	517,814.60	415,420.78	426,852.99	412,713.39	-
Special schools	49,821.00	-	19,005.00	36,465.00	67,861.00	35,211.00	-	-	-	-
Interest on long-term debt	13,699.55	11,143.33	8,323.86	3,011.00	-	-	-	-	-	-
Unallocated depreciation	85,229.00	82,989.63	81,216.37							
Capital Outlay				68.36	3,428.00	3,428.00	3,428.00	3,428.00	3,428.00	3,248.00
Total governmental activities expenses	3,862,175.98	3,841,387.31	4,024,460.17	3,285,407.62	2,453,813.15	2,326,523.58	2,230,336.25	2,264,458.86	1,869,163.75	1,619,235.90
Business-type activities:										
Food service	36,325.87	31,133.17	29,634.32							
Community Education	472.73									
Total business-type activities expenses	36,798.60	31,133.17	29,634.32							
Total district expenses	3,898,974.58	3,872,520.48	4,054,094.49	3,285,407.62	2,453,813.15	2,326,523.58	2,230,336.25	2,264,458.86	1,869,163.75	1,619,235.90

SEA ISLE CITY SCHOOL DISTRICT
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues										
Governmental activities:										
Operating grants and contributions	376,595.83	446,732.16	438,905.47	178,634.00		178,634.00			64,879.00	
Total governmental activities program revenues	376,595.83	446,732.16	438,905.47			178,634.00			64,879.00	
Business-type activities:										
Charges for services:										
Food service	9,761.30	6,757.26	7,747.52							
Community Education	1,160.00	-	6,870.02							
Operating grants and contributions	10,970.40	10,012.57	6,870.02							
Total business-type activities program revenue	21,891.70	16,769.83	14,417.54							
Total district program revenue	398,487.53	463,501.99	453,323.01			178,634.00			64,879.00	
Net (Expense)/Revenue										
Governmental activities	(3,485,580.15)	(3,394,655.15)	(3,585,554.70)	(3,285,407.62)	(2,453,813.15)	(2,147,889.58)	(2,230,336.25)	(2,264,458.86)	(1,804,284.75)	(1,619,235.90)
Business-type activities	(14,906.90)	(14,363.34)	(15,216.78)							
Total district-wide net expense	(3,500,487.05)	(3,409,018.49)	(3,600,771.48)	(3,285,407.62)	(2,453,813.15)	(2,147,889.58)	(2,230,336.25)	(2,264,458.86)	(1,804,284.75)	(1,619,235.90)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	3,196,187.00	3,324,034.00	3,390,514.00	3,458,324.00	2,464,472.00	1,827,302.00	1,827,302.00	1,827,302.00	1,827,302.00	1,827,302.04
Tuition	140,441.58	31,823.12	70,294.00	404,282.33	391,879.00	328,869.00	260,223.00	260,782.00	301,199.00	251,051.00
Unrestricted grants and contributions	15,844.40	2,484.28	2,484.08	85,681.86	8,039.24	5,734.49	12,078.64	12,594.68	11,642.45	8,679.06
Investment earnings	22,092.34	9,683.44	11,510.55	16,277.17						
Miscellaneous income	(22,000.00)	(10,000.00)	(25,000.00)	(1,117,705.91)						
Transfers				66,896.30						
Loss on Sale of Capital Assets		(91,050.00)								
Canceled Compensated Absences										
Unexpended State Grant Canceled										
Total governmental activities	3,352,565.32	3,266,674.84	3,449,602.63	2,913,757.75	2,864,390.24	2,161,905.49	2,099,603.64	2,100,676.68	2,140,143.45	2,087,032.10
Business-type activities:										
Investment earnings	16.17	13.29	19.54	15.72						
Transfers	22,000.00	10,000.00	25,000.00	(16,277.17)						
Total business-type activities	22,016.17	10,013.29	25,019.54	(16,261.45)						
Total district-wide	3,374,581.49	3,276,688.13	3,474,622.17	2,897,496.30	2,864,390.24	2,161,905.49	2,099,603.64	2,100,676.68	2,140,143.45	2,087,032.10
Changes in Net Assets										
Governmental activities	(133,014.83)	(127,980.31)	(135,752.07)	(371,649.87)	410,577.09	14,015.91	(130,732.61)	(163,780.18)	335,858.70	467,796.20
Business-type activities	(7,109.27)	(4,950.05)	9,802.76	(16,261.45)						
Total district	(125,905.56)	(132,930.36)	(125,949.31)	(367,911.32)	410,577.09	14,015.91	(130,732.61)	(163,780.18)	335,858.70	467,796.20

Source: CAFR Schedule A-2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Restricted	-	-	91,122.99	860,809.04	1,282,771.13	1,264,857.04	1,156,423.43	977,106.25	1,260,084.20	1,402,030.90
Committed		439,180.24	411,112.32	174,051.32	174,051.32	174,051.32	174,051.32	174,051.32	174,151.32	174,151.32
Assigned		266,677.00	13,937.00						15,045.75	26,983.05
Unassigned		320,967.29	324,276.00	326,179.00	314,794.00	311,228.00	241,354.00	241,316.00	263,476.00	242,215.00
Reserved	398,617.96	-	-	-	-	-	-	-	-	-
Unreserved	468,033.59	-	-	-	-	-	-	-	-	-
Total general fund	866,651.55	1,026,824.53	840,448.31	1,361,039.36	1,771,616.45	1,750,136.36	1,571,828.75	1,392,473.57	1,712,757.27	1,845,380.27
All Other Governmental Funds										
Restricted	-	-	-	-	-	-	-	-	-	-
Reported in Capital projects fund	-	0.70	0.70	-	-	-	-	-	-	-
Committed										
Assigned										
Unassigned										
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	227,625.09	-	-	-	-	-	-	-	-	-
Total all other governmental funds	227,625.09	0.70	0.70	-	-	-	-	-	-	-

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

Source: CAFR Schedule B-1

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

Exhibit J-4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	3,196,187.00	3,324,034.00	3,390,514.00	3,458,324.00	2,464,472.00	1,827,302.00	1,827,302.00	1,827,302.00	1,827,302.00	1,827,302.04
Tuition										
Interest earnings on capital reserve fund	4,137.95	2,484.00								
Miscellaneous	37,790.79	9,684.00	16,995.00	85,681.86	8,039.24	5,734.49	12,078.64	44,594.68	43,642.45	40,679.06
State sources	405,497.45	394,448.00	414,751.47	404,282.00	391,879.00	328,869.00	260,223.00	260,782.00	301,199.00	251,051.00
Federal sources	107,547.96	83,807.00	91,448.00							
Total revenue	3,751,161.15	3,814,457.00	3,913,708.47	3,948,287.86	2,864,390.24	2,161,905.49	2,099,603.64	2,132,678.68	2,172,143.45	2,119,032.10
Expenditures										
Instruction:										
Regular instruction	637,651.27	478,963.00	468,857.29	2,725.00	-	4,560.00	45,347.79	13,664.70		
Special education instruction	76,209.10	156,812.00	72,457.60							
Other instruction	99.99	-	7,803.40							
Support Services:										
Tuition	1,484,489.62	1,792,164.00	2,102,408.61	2,318,250.00	1,763,706.65	1,360,676.57	1,585,234.49	1,670,381.57	1,216,358.16	1,374,473.91
Student & instruction related services	350,292.60	303,822.00	326,818.00	32,317.00	2,860.00	173,982.26	138,732.92	114,200.00	118,200.00	102,009.00
School administrative services	7,943.06	25,608.00	8,810.10	16,000.00						
Other administrative services	183,859.41	125,466.00	153,046.53	65,387.00	25,975.91	43,429.57	39,490.23	31,570.46	31,791.17	57,153.98
Business and Other Support Service	247,583.86	201,880.00	191,741.69	101,122.00	44,466.32	44,283.58	50,257.04	51,936.14	69,369.03	46,044.01
Plant operations and maintenance	299,989.85	261,126.00	321,121.34	396,356.00	459,982.15	517,814.60	415,420.78	426,852.99	412,713.39	403,300.20
Pupil transportation	424,264.91	361,342.00	328,113.00	270,930.00	82,848.00	-	-	-	-	-
Unallocated employee benefits	49,821.00	-	19,005.00	36,465.00	67,681.00	35,211.00	-	-	3,428.00	3,428.00
Special schools	98,677.08	73,676.00	74,901.09	161,647.00	3,428.00	3,428.00	3,428.00	3,428.00	3,428.00	3,428.00
Capital outlay										
Other Undistributed Expenditures										
Debt service:										
Principal										
Interest and other charges										
Total Expenditures	3,860,891.75	3,780,859.00	4,075,083.65	3,443,975.00	2,453,813.15	2,183,385.58	2,277,911.25	2,312,033.86	1,851,859.75	1,986,409.10
Excess (Deficiency) of revenues over (under) expenditures	(109,730.60)	33,598.00	(161,375.18)	504,312.86	410,577.09	(21,480.09)	(178,307.61)	(179,355.18)	320,283.70	132,623.00
Other Financing Sources (Uses)										
Payment of prior unrecorded liabilities										
Transfers out	(22,000.00)	(146,574.00)	(25,000.00)	(0.70)						
Transfers in		136,574.00	16,278.00							
Unexpended State Grant Canceled		(91,050.00)								
Total other financing sources (uses)	(22,000.00)	(101,050.00)	(25,000.00)	16,277.30	-	-	-	-	-	-
Net change in fund balances	(131,730.60)	(67,452.00)	(186,375.18)	520,590.16	410,577.09	(21,480.09)	(178,307.61)	(179,355.18)	320,283.70	132,623.00
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: CAFR Schedule B-2

Exhibit J-5

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

Fiscal Year Ended June 30,	Interest on Investments	Capital Res. Interest on Investments	Tuition Revenue	Proceeds from Loan Receivable	Miscellaneous	Totals
2010	11,706.45	4,137.95	-	-	22,092.34	37,936.74
2011	7,612.87	2,484.28	-	-	1,070.57	11,167.72
2012	2,484.08	-	-	-	11,510.55	13,994.63
2013	-	-	-	-	85,681.86	85,681.86
2014	-	-	-	-	8,039.24	8,039.24
2015	-	-	-	-	5,734.49	5,734.49
2016	-	-	-	-	12,078.64	12,078.64
2017	-	-	-	32,000.00	12,594.68	44,594.68
2018	-	-	-	32,000.00	11,642.45	43,642.45
2019	2,493.10	-	-	32,000.00	6,185.96	40,679.06

Source: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	O Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
2010	80,672,500	4,630,091,500			133,862,500			4,844,626,500		1,464,987	4,846,091,487	0.069	4,844,626,500
2011	89,614,500	4,634,093,200			133,038,500			4,856,746,200		1,352,890	4,858,099,090	0.070	4,661,559,263
2012	89,986,200	4,643,603,200			130,183,900			4,863,773,300		1,361,587	4,865,134,887	0.072	4,481,463,055
2013	89,001,900	4,640,876,100			131,403,000			4,861,281,000		1,199,888	4,862,480,888	0.051	4,352,774,323
2014	102,410,400	4,616,127,100			134,707,300			4,853,244,800		1,251,500	4,854,496,300	0.038	4,318,247,914
2015	103,194,200	4,640,953,300			133,586,200			4,877,733,700		1,003,275	4,878,736,975	0.038	4,347,739,388
2016	82,146,000	4,306,266,600			127,014,700			4,515,427,300		1,003,275	4,516,430,575	0.041	4,466,935,268
2017	73,901,700	4,348,153,900			140,219,000			4,562,274,600		-	4,562,274,600	0.041	4,686,347,548
2018	76,626,200	4,391,270,700			141,427,000			4,609,325,900		-	4,609,325,900	0.040	4,887,092,105
2019	84,891,400	4,417,779,200			150,723,400			4,653,394,000		-	4,653,394,000	0.040	4,653,394,000

Source: County Abstract of Rates & Municipal Tax Assessor

Exhibit J-7

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

Fiscal Year Ended June 30,	SEA ISLE CITY SCHOOL DISTRICT			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Cape May County	Municipal Local Purpose		
2010	0.069		0.069	0.210	0.293	0.572	
2011	0.070		0.070	0.213	0.292	0.575	
2012	0.072		0.072	0.214	0.293	0.579	
2013	0.051		0.051	0.219	0.313	0.583	
2014	0.038		0.038	0.222	0.324	0.584	
2015	0.038		0.038	0.226	0.325	0.589	
2016	0.041		0.041	0.255	0.376	0.672	
2017	0.041		0.041	0.270	0.384	0.695	
2018	0.040		0.040	0.285	0.385	0.710	
2019	0.040		0.040	0.298	0.380	0.718	

Source: District Records and Municipal Tax Collector

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

Exhibit J-8

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Taxpayer #1	\$ 8,166,200	1	0.18%	Information not available		
8605 Landis, LLC	7,642,200	2	0.16%			
Desiderio Partnership	7,480,300	3	0.16%			
CLD SIC, LLC	7,179,500	4	0.15%			
Jersey Central Power & Light Compan	7,152,000	5	0.15%			
147 87th, LLC	6,933,900	6	0.15%			
Sisters of Mercy (Philadelphia)	5,774,600	7	0.12%			
First Savings & Loan of Sea Isle	4,995,700	8	0.11%			
42nd Place, LLC	4,994,900	9	0.11%			
Jersey Shore Properties, LLC	4,421,500	10	0.10%			
Totals	\$ 64,740,800		1.39%	\$ -		0.00%
			District Assessed Value			\$ 4,846,091,487

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	3,196,187.00	3,196,187.00	100%	-
2011	3,324,034.00	3,324,034.00	100%	-
2012	3,390,514.00	3,390,514.00	100%	-
2013	3,458,324.00	3,458,324.00	100%	-
2014	2,464,470.00	2,464,470.00	100%	-
2015	1,827,302.00	1,827,302.00	100%	-
2016	1,827,302.00	1,827,302.00	100%	-
2017	1,827,302.00	1,827,302.00	100%	-
2018	1,827,302.00	1,827,302.00	100%	-
2019	1,827,302.00	1,827,302.00	100%	-

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities			Capital Leases	Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Bond Anticipation Notes (BANS)				
2010				305,348.47	305,348.47		47,398
2011				233,051.48	233,051.48		47,798
2012				158,150.39	158,150.39		48,588
2013				-	-		50,695
2014				-	-		52,276
2015				-	-		53,932
2016				-	-		51,812
2017				-	-		53,309
2018				-	-		54,865
2019				-	-		58,324

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

Exhibit J-11

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

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	-	-	-	0.00%	42,981
2011	-	-	-	0.00%	43,392
2012	-	-	-	0.00%	44,398
2013	-	-	-	0.00%	46,728
2014	-	-	-	0.00%	48,457
2015	-	-	-	0.00%	49,250
2016	-	-	-	0.00%	50,710
2017	-	-	-	0.00%	53,209
2018	-	-	-	0.00%	54,865
2019	-	-	-	0.00%	58,324

SEA ISLE CITY SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Bonded Debt,
As of December 31, 2018

Exhibit J-12

<u>Governmental Unit</u>	<u>Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Sea Isle City	\$ 46,904,469.96	100.00%	46,904,469.96
Other Debt			
County of Cape May	336,536,298.29	9.77%	32,879,596.34
Subtotal, Overlapping Debt			79,784,066.30
Sea Isle City School District Direct Debt			-
Total Direct and Overlapping Debt			<u>\$ 79,784,066.30</u>

Sources:
Sea Isle City - 2018 Audit Report
County of Cape May - 2018 Audit Report
District Records

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

Exhibit J-13

	Average equalized valuation of taxable property										Debt limit (3% of average) Net bonded school debt Legal debt margin	2019
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Debt limit	142,275,447.00	140,194,671.00	93,741,258.00	134,666,493.00	131,428,307.06	129,943,985.37	130,799,059.04	133,938,695.00	139,062,606.53	145,157,272.06		
Total net debt applicable to limit												
Legal debt margin	142,275,447.00	140,194,671.00	93,741,258.00	134,666,493.00	131,428,307.06	129,943,985.37	130,799,059.04	133,938,695.00	139,062,606.53	145,157,272.06		
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

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

SEA ISLE CITY SCHOOL DISTRICT
Demographic and Economic Statistics,
Last Ten Fiscal Years

Exhibit J-14

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	** Per Capita Personal Income	Unemployment Rate
2010	2,914	125,246,634	42,981	9.3%
2011	2,120	91,991,040	43,392	9.7%
2012	2,110	93,679,780	44,398	10.2%
2013	2,115	98,829,720	46,728	11.0%
2014	2,096	101,565,872	48,457	12.3%
2015	2,090	102,932,500	49,250	7.7%
2016	2,081	105,527,510	50,710	7.6%
2017	2,076	110,461,884	53,209	7.4%
2018	2,068	113,460,820	54,865	6.4%
2019	2,044	119,214,256	58,324	5.8%

** County wide information

Source:

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

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

Exhibit J-15

Employer	2019		2010	
	Year- Round Employees	Percentage of Total Employment	Year- Round Employees	Rank Percentage of Total Employment
	Not Available		Not Available	
Totals	-	-	-	-

Source:
Information was not available from any source

SEA ISLE CITY SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years **Exhibit J-16**

<u>Function/Program</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular instruction	10.0	10.0	9.0	-	-	-	-	-	-	-
Special education instruction	1.0	1.0	1.0	-	-	-	-	-	-	-
Other special education instruction										
Vocational education										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services										
General administrative services	1.5	0.5	0.5	0.5	-	-	-	-	-	-
School administrative services	1.0	0.5	0.5	0.5	-	-	-	-	-	-
Business administrative services	2.0	1.5	1.5	-	-	-	-	-	-	-
Plant operations and maintenance										
Child Care										
Food Service										
Total	15.5	13.5	12.5	1.0	-	-	-	-	-	-

Source: District Records, ASSA, Certified Staff Report

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

Exhibit J-17

Fiscal Year Ended June 30,	ASSA Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School				
2010	60	3,763,247	62,721	5.82%	11	1:5.45	N/A	59.0	54.4	-21.9%	92.2%
2011	48	3,717,183	77,441	23.47%	11	1:4.36	N/A	47.0	43.9	-20.3%	93.4%
2012	46	4,000,183	86,961	12.29%	10	1:4.60	N/A	41.0	38.5	-12.8%	93.9%
2013	-	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-

Source: District records, ASSA and Certificated Staff Report

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

Exhibit J-18

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Buildings</u>										
<u>Elementary</u>										
See Isle City Public School										
Square Feet	39,348	39,348	39,348	-	-	-	-	-	-	-
Capacity (students)	285	285	285	-	-	-	-	-	-	-
Enrollment	60	48	46	-	-	-	-	-	-	-

Number of Schools at June 30, 2019
 Elementary - 0

Source: District Records, ASSA

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

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project# (s)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sea Isle City School	N/A	18,385.77	23,288.00	23,288.00	-	-	-	-	-	-	-
Total School Facilities		18,385.77	23,288.00	23,288.00	-	-	-	-	-	-	-
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		18,385.77	23,288.00	23,288.00	-	-	-	-	-	-	-

Source: District Records

SEA ISLE CITY SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Exhibit J-20

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
NJSBAIG/CAIP	General Liability	6,000,000	N/A
	Automobile Liability	6,000,000	N/A
	Erros and Omissions Limit of Liability		
	Coverage A Limits	6,000,000	10,000
	Coverage B Limits	100,000/300,000	10,000
Federal	Supplemental Indemnity Maximum of \$2,000 per week	Full Salary of Ee less WC payment	
RLI	Crime & Bonds		
	Faithful Performance	250,000	1,000
	Money & Securities	5,000	500
	Money Orders/Counterfeit	50,000	1,000
	Computer Fraud	25,000	1,000
	Board Administrator	2,000	500

Source: District Records

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the basic financial statements of the Sea Isle City Board of Education, County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated December 6, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sea Isle City School District's 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 Sea Isle City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 Sea Isle City School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

December 6, 2019

SEA ISLE CITY SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 For the Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO	
				Deferred Revenue/ (Acct'd Receivable)	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable
State Department of Education												
General Fund:												
Transportation Aid	19-495-034-5120-014	7/1/2018 6/30/2019	\$ 96,010.00			96,010.00	(96,010.00)				4,976.00	96,010.00
State Aid Public Cluster:												
Adjustment Aid	19-495-034-5120-085	7/1/2018 6/30/2019	67,603.00			67,603.00	(67,603.00)				3,504.00	67,603.00
Special Education Aid	19-495-034-5120-089	7/1/2018 6/30/2019	65,411.00			65,411.00	(65,411.00)				3,380.00	65,411.00
Security Aid	19-495-034-5120-084	7/1/2018 6/30/2019	16,305.00			16,305.00	(16,305.00)				845.00	16,305.00
Total State Aid Public Cluster						149,319.00	(149,319.00)				7,739.00	149,319.00
Extraordinary Aid	18-100-034-5120-473	7/1/2017 6/30/2018	21,391.00	(21,391.00)		21,391.00	(4,930.00)					21,391.00
Non-Public Transportation Aid	19-495-034-5120-014	7/1/2018 6/30/2019	4,930.00	(5,510.00)		5,510.00						4,930.00
Non-Public Transportation Aid	18-495-034-5120-014	7/1/2017 6/30/2018	5,510.00									5,510.00
Total General Fund				(26,901.00)	-	272,230.00	(250,259.00)			(4,930.00)	12,715.00	277,160.00
Total State Financial Assistance			\$ (26,901.00)	-	-	272,230.00	(250,259.00)			(4,930.00)	12,715.00	277,160.00

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

**SEA ISLE CITY SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2019**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Education, Sea Isle City School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(B) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$792 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ -	250,259.00	250,259.00
	\$ -	250,259.00	250,259.00

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.

**SEA ISLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

2) Significant Deficiencies identified? _____ Yes X No

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

Federal Awards **N/A**

Internal Control over major programs:

1) Material weakness(es) identified? _____ Yes _____ No

2) Significant Deficiencies identified? _____ Yes _____ No

Type of auditor's report issued on compliance for major programs:
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes _____ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee? _____ Yes _____ No

**SEA ISLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

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

State Awards **N/A**

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

Auditee qualified as low-risk auditee? _____ Yes _____ No

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

Internal Control over major programs:

1) Material weakness(es) identified? _____ Yes _____ No

2) Significant Deficiencies identified? _____ Yes _____ none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? _____ Yes _____

Identification of major programs:

GMIS Number(s)

Name of State Program

**SEA ISLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

Section II - Financial Statement Findings

NONE

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

STATE AWARDS:

NONE

FEDERAL AWARDS:

NONE

**SEA ISLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

STATUS OF PRIOR YEAR FINDINGS

None

STATE

None

FEDERAL:

None