

SEASIDE HEIGHTS SCHOOL DISTRICT

**Seaside Heights, New Jersey
County of Ocean**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020**

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

YEAR ENDED JUNE 30, 2020

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

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INTRODUCTORY SECTION

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Seaside Heights School District

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

Dr. Triantafillos Parlapanides
Superintendent of Schools

Christopher Raichle
Principal

Kevin O'Shea
Business Admin/Board Secretary

January 11, 2021

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Seaside Heights School District for the fiscal year that ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendation, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Seaside Heights School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14 as amended by GASB Statement No. 39. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular as well as special education for handicapped youngsters. The School District's enrollments for the past ten years are detailed below on the next page.

Fiscal Year	Student Enrollment	Percent Change
2019-20	176	-13.30%
2018-19	203	-4.25%
2017-18	212	6.53%
2016-17	199	13.02%
2015-16	198	7.81%
2014-15	211	-14.27%
2013-14	207	18.36%
2012-13	232	18.90%
2011-12	232	12.00%
2010-11	223	-2.18%

2. ECONOMIC CONDITION AND OUTLOOK:

Seaside Heights is a summer community with a very transient school population. Due to winter rentals, Seaside Heights School District’s poverty percentage is high, thus qualifying it as a Title I “No Child Left Behind” federal dollars are being used aggressively to try to reduce teacher-student ratio, extend the learning day and supplement educational experiences. The Borough of Seaside Heights continues to recover from the impacts of Superstorm Sandy which has reduced its taxable ratable base by approximately 25%.

3. MAJOR INITIATIVES:

School year 2019-20 was a productive and innovative year. The District continued its recovery from Super Storm Sandy. The District continues to enjoy state of the art facilities. The District expanded its Preschool Program.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of the fund balance at June 30, 2020.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules will present a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2020.

8. DEBT ADMINISTRATION:

As of June 30, 2020, the District's outstanding debt liability is \$96,353.

9. CASH MANAGEMENT:

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

10. **RISK MANAGEMENT:**

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

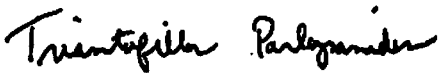
11. **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. **ACKNOWLEDGMENTS:**

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

Respectfully submitted,



Triantafillos Parlapanides
Superintendent of Schools



Kevin O'Shea
Business Administrator/Board Secretary

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

Board of Education

Superintendent

**Business Administrator/
Board Secretary**

Principal

Custodial & Cafeteria Staff

Instructional Staff

Secretarial Staff

**SEASIDE HEIGHTS SCHOOL DISTRICT
SEASIDE HEIGHTS, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2020**

Members of the Board of Education

TERM EXPIRES

Erik Hershey, President 2023

James Boyd, Vice President 2022

Andrew Leahy 2023

Edward Pasiaka 2022

Peter Smith 2024

Other Officials

Triantafillos Parlapanides, ED.D., Superintendent of Schools

Kevin O'Shea, CPA, School Business Administrator/Board Secretary

Kathleen Magaraci, Treasurer of School Monies

David M. Cassadonte, Esq., Board Attorney

**SEASIDE HEIGHTS SCHOOL DISTRICT
SEASIDE HEIGHTS, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2020**

AUDITOR/AUDIT FIRM

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

ATTORNEY

David M. Cassadonte, Esq., Board Attorney
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Toms River, New Jersey 08753

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

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FINANCIAL SECTION

Second Section

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Seaside Heights School District (the School District), County of Ocean, State of New Jersey, as of and for the fiscal year ended, June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the School District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty

Certified Public Accountant

Public School Accountant, No. 2470

Toms River, New Jersey
January 11, 2021

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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SEASIDE HEIGHTS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2020 UNAUDITED

This section of the Seaside Heights School District's (the School District) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the School District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments* issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- In total, net position of governmental activities decreased \$135,431, which represents a 8.09% decrease from 2019. Total net position of business-type activities increased \$36,587, which represents an 482.30% increase from 2019.
- General revenues accounted for \$4,221,498 in revenue or 72.47% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,603,378 or 27.53% of total revenues of \$5,824,876.
- Total assets of governmental activities decreased by \$161,780 as cash and cash equivalents decreased by \$321,908, receivables increased by \$277,294, restricted cash and cash equivalents increased by \$50,075, and total capital assets decreased by \$165,740.
- Total liabilities of governmental activities decreased by \$226,711 primarily as a result of non-current liabilities due beyond one year decreasing by \$278,677.
- The District had \$5,734,876 in governmental activity expenses; only \$1,377,950 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) of \$4,221,495 were not adequate to provide for these programs, resulting in a decrease in net position for governmental activities of \$135,431.
- In the governmental funds, the general fund had \$4,877,563 in revenues, \$4,853,827 in expenditures and \$20,000 of other financing uses. The general fund's fund balance increased by \$3,736 over 2018.

- For the 2013-14 and 2014-15 school years, the School District applied and was approved for the Community Disaster Loan (CDL) Program administered by Federal Emergency Management Agency (FEMA). This program allows for entities to utilize Loan proceeds in lieu of raising taxes so as to provide property tax relief in the years following a presidentially declared disaster. The School District was approved for up to \$1,043,805 through this program and utilized \$777,550 for loan proceeds in the 2013-14 fiscal year and the remaining \$266,255 for the 2014-15 fiscal year. On July 5th, 2017, FEMA officially cancelled \$703,651 in principal and \$40,629 in accrued interest on the loan. In addition, the School District made a payment of \$200,000 in July 2017 towards the remaining balance. The School District requested and received a time extension to repay the loan no later than July 2023. The School District is committed to repaying the remaining balance over the next several years.

USING THE CAFR

This annual report consists of a series of financial statements and notes to these financial statements. These statements are organized in a way to allow the reader to understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

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

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

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

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

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

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

Government-Wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. The following table provides a summary of net position for June 30, 2020 and 2019, respectively:

Net Position
June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Assets				
Current and Other				
Assets	\$ 639,488	\$ 635,528	\$ 56,338	\$ 14,606
Capital Assets, Net	3,026,788	3,192,528	-	-
Total Assets	<u>3,666,276</u>	<u>3,828,056</u>	<u>56,338</u>	<u>14,606</u>
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	448,015	654,576	-	-
Liabilities				
Long-Term Liabilities	1,749,680	1,985,281	-	-
Other Liabilities	144,579	135,689	12,165	5,355
Total Liabilities	<u>1,894,259</u>	<u>2,120,970</u>	<u>12,165</u>	<u>5,355</u>
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	680,970	687,169	-	-
Net Position				
Net Investment in				
Capital Assets	3,009,798	3,169,403	-	-
Restricted	218,355	168,280	-	-
Unrestricted	(1,689,091)	(1,663,190)	44,173	8,374
Total Net Position	<u>\$ 1,539,062</u>	<u>\$ 1,674,493</u>	<u>\$ 44,173</u>	<u>\$ 8,374</u>

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

Restricted net position increased \$50,075 from the prior year.

Unrestricted net position may be used to meet the School District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$1,689,091) is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the School District's governmental and business-type activities and the change in net position for June 30, 2020 and 2019. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the 'Financial Analysis of the District's Funds' section later in this report.

	For the year Ended June 30, 2020		
	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Operating Grants and Contributions	\$ 1,377,950	\$ 225,428	\$ 1,603,378
General Revenues:			
Property Taxes	3,025,000	-	3,025,000
Federal and State Aid	1,075,481	-	1,075,481
Miscellaneous	121,014	3	121,017
Total Revenues	5,599,445	225,431	5,824,876
Expenses:			
Instructional Services	3,729,573	-	3,729,573
Support Services	2,001,887	188,844	2,190,731
Interest and Other Charges	3,416	-	3,416
Total Expenses	5,734,876	188,844	5,923,720
Change in Net Position	(135,431)	36,587	(98,844)
Net Position, Beginning	1,674,493	7,586	1,682,079
Net Position, Ending	\$ 1,539,062	\$ 44,173	\$ 1,583,235
	For the year Ended June 30, 2019		
	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ -	\$ -
Operating Grants and Contributions	1,637,562	153,625	1,791,187
General Revenues:			
Property Taxes	2,945,000	-	2,945,000
Federal and State Aid	1,049,750	-	1,049,750
Miscellaneous	62,403	3	62,406
Total Revenues	5,694,715	153,628	5,848,343
Expenses:			
Instructional Services	3,897,624	-	3,897,624
Support Services	2,024,047	154,417	2,178,464
Interest and Other Charges	3,584	-	3,584
Total Expenses	5,925,255	154,417	6,079,672
Change in Net Position	(230,540)	(789)	(231,329)
Net Position, Beginning	1,905,033	8,375	1,913,408
Net Position, Ending	\$ 1,674,493	\$ 7,586	\$ 1,682,079

Financial Analysis of the School District's Funds

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

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

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2020 and 2019 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

June 30, 2020				
	Amount	Percent Of Total	Increase (Decrease) From 2019	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 2,107,594	39.63%	\$ 183,122	9.52%
Undistributed	3,182,206	59.83%	38,840	1.24%
Capital Outlay	6,840	0.13%	(35,625)	-83.89%
Debt Service:				
Principal	17,202	0.32%	(25,423)	100.00%
Interest	4,622	0.09%	423	100.00%
Total	\$ 5,318,464	100.00%	\$ 161,337	3.13%

June 30, 2019				
	Amount	Percent Of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 1,924,472	37.32%	\$ (26,832)	-1.38%
Undistributed	3,143,366	60.95%	189,912	6.43%
Capital Outlay	42,465	0.82%	(270,056)	-86.41%
Debt Service:				
Principal	42,625	0.83%	(141,730)	100.00%
Interest	4,199	0.08%	(11,446)	100.00%
Total	\$ 5,157,127	100.00%	\$ (260,152)	-4.80%

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

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2019-2020 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Significant Budget Transfers and Variations:

- Teacher's Pension and Annuity Fund (TPAF), which is the State's contribution to the pension fund, is an "on-behalf" revenue and expenditure item to the School District and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2019-2020 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2019-2020 unassigned fund balance increased by \$118,870 to \$118,870 (2% required per S-1701, net of allowable adjustments).

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

The Food Services Enterprise Fund showed a change in net position of \$36,587 in 2019-2020 as compared to a change in net position of \$789 in 2018-2019.

Capital Assets

At June 30, 2020 the School District has capital assets of \$3,026,788, net of depreciation, which includes land, buildings and improvements and equipment.

	<u>June 30, 2020</u>
	<u>Governmental</u>
	<u>Activities</u>
Land	\$ 75,364
Buildings and Improvements	2,476,182
Equipment	475,242
Total	<u>\$ 3,026,788</u>
	<u>June 30, 2019</u>
	<u>Governmental</u>
	<u>Activities</u>
Land	\$ 75,364
Buildings and Improvements	2,594,347
Equipment	522,817
Total	<u>\$ 3,192,528</u>

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

Debt Administration and Other Obligations

At June 30, 2020 and 2019, the School District's outstanding debt issues included \$95,972 and \$113,174 respectively of Community Disaster Loans and \$299,723 and \$304,883 respectively in compensated absences payable.

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

Economic Factors and Subsequent Year's Budgets

- The School District anticipates that the approved 2020-2021 budget will be adequate to satisfy all 2020-2021 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- It is expected the State of New Jersey will again delay the final state aid payments to school School Districts for 2020-2021.
- The School Districts enrollment has been fairly consistent over the past 3 school years. The School District anticipates stable enrollment over the next several years

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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SEASIDE HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash & Cash Equivalents	\$ 133,678	\$ 1,009	\$ 134,687
Receivables, Net (Note 4)	290,269	55,329	345,598
Restricted Cash & Cash Equivalents	215,541	-	215,541
Capital Assets, Net (Note 5)			
Non-Depreciable	75,364	-	75,364
Depreciable	2,951,424	-	2,951,424
Total Assets	<u>3,666,276</u>	<u>56,338</u>	<u>3,722,614</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions (Note 8)	448,015	-	448,015
Total Deferred Outflow of Resources	<u>448,015</u>	<u>-</u>	<u>448,015</u>
LIABILITIES			
Accounts Payable	63,262	8,254	71,516
Due to Other Governments	84,878	-	84,878
Accrued Interest	350	-	350
Internal Balances	(3,911)	3,911	-
Noncurrent Liabilities (Note 7):			
Due Within One Year	102,513	-	102,513
Due in More Than One Year	1,647,167	-	1,647,167
Total Liabilities	<u>1,894,259</u>	<u>12,165</u>	<u>1,906,424</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions (Note 8)	680,970	-	680,970
Total Deferred Inflow of Resources	<u>680,970</u>	<u>-</u>	<u>680,970</u>
NET POSITION			
Net Investment in Capital Assets	3,009,798	-	3,009,798
Restricted for:			
Capital Projects	58,398	-	58,398
Emergency Reserve	50,327	-	50,327
Maintenance Reserve	106,816	-	106,816
Excess Surplus	2,814	-	2,814
Unrestricted (Deficit)	<u>(1,689,091)</u>	<u>44,173</u>	<u>(1,644,918)</u>
Total Net Position	<u>\$ 1,539,062</u>	<u>\$ 44,173</u>	<u>\$ 1,583,235</u>

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

SEASIDE HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS:	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 2,988,552	\$ -	\$ 1,123,325	\$ -	\$ (1,865,227)	\$ -	\$ (1,865,227)
Special Education Instruction	588,440	-	147,314	-	(441,126)	-	(441,126)
Other Instruction	152,581	-	38,182	-	(114,399)	-	(114,399)
Support Services:							
Tuition	82,803	-	-	-	(82,803)	-	(82,803)
Student & Instruction Related Services	958,279	-	69,129	-	(889,150)	-	(889,150)
General Administrative	155,110	-	-	-	(155,110)	-	(155,110)
School Administrative Services	150,980	-	-	-	(150,980)	-	(150,980)
Central Services	96,036	-	-	-	(96,036)	-	(96,036)
Administrative Info. Technology	19,712	-	-	-	(19,712)	-	(19,712)
Plant Operations & Maintenance	388,708	-	-	-	(388,708)	-	(388,708)
Pupil Transportation	150,259	-	-	-	(150,259)	-	(150,259)
Interest & Other Charges	3,416	-	-	-	(3,416)	-	(3,416)
Total Governmental Activities	5,734,876	-	1,377,950	-	(4,356,926)	-	(4,356,926)
Business-Type Activities:							
Food Service	188,844	-	225,428	-	-	36,584	36,584
Total Business-Type Activities	188,844	-	225,428	-	-	36,584	36,584
Total Primary Government	\$ 5,923,720	\$ -	\$ 1,603,378	\$ -	(4,356,926)	36,584	(4,320,342)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					3,025,000	-	3,025,000
Federal & State Aid Restricted					3,066	-	3,066
Federal & State Aid Not Restricted					1,072,415	-	1,072,415
Tuition Charges					93,858	-	93,858
Miscellaneous					27,156	3	27,159
Total General Revenues					4,221,495	3	4,221,498
Change In Net Position					(135,431)	36,587	(98,844)
Net Position - Beginning					1,674,493	7,586	1,682,079
Net Position - Ending					\$ 1,539,062	\$ 44,173	\$ 1,583,235

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

B. Fund Financial Statements

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Governmental Funds

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**SEASIDE HEIGHTS SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND		TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash & Cash Equivalents	\$ 133,678	\$ -		\$ 133,678
Receivables, Net:				
Interfund Receivable	22,312	-		22,312
Due from Other Governments:				
Federal	-	9,813		9,813
State	6,992	-		6,992
Other	272,964	-		272,964
Restricted Cash & Cash Equivalents	215,541	-		215,541
Total Assets	\$ 651,487	\$ 9,813		\$ 661,300
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 63,262	\$ -		\$ 63,262
Interfund Payable	1,000	16,901		17,901
Total Liabilities	64,262	16,901		81,163
Fund Balances:				
Restricted for:				
Capital Reserve	58,398	-		58,398
Maintenance Reserve	106,816	-		106,816
Emergency Reserve	50,327	-		50,327
Excess Surplus Designated for Subsequent Year	2,814	-		2,814
Assigned For:				
Subsequent Year Expenditures	250,000	-		250,000
Unassigned	118,870	(7,088)		111,782
Total Fund Balances	587,225	(7,088)		580,137
Total Liabilities & Fund Balances	\$ 651,487	\$ 9,813		
Amounts reported for governmental activities in the statement of net position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,854,206 and the accumulated depreciation is \$2,827,418.				3,026,788
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.				
Deferred Outflows Related to Pensions				448,015
Deferred Inflows Related to Pensions				(680,970)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.				(350)
Accrued pension contributions for the June 30, 2020 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.				(84,878)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(1,749,680)
Net Position of Governmental Activities				\$ 1,539,062

**SEASIDE HEIGHTS SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 3,025,000	\$ -	\$ -	\$ 3,025,000
Tuition Charges	93,858	-	-	93,858
Miscellaneous	27,156	3,066	-	30,222
Total Local Sources	3,146,014	3,066	-	3,149,080
State Sources	1,731,549	78,405	-	1,809,954
Federal Sources	-	365,995	-	365,995
Total Revenues	4,877,563	447,466	-	5,325,029
Expenditures:				
Instruction:				
Regular Instruction	1,316,367	372,442	-	1,688,809
Special Education Instruction	332,538	-	-	332,538
Other Instruction	86,247	-	-	86,247
Support Services:				
Tuition	62,458	-	-	62,458
Attendance & Social Work Services	63,337	-	-	63,337
Health Services	87,892	-	-	87,892
Student & Instruction Related Services	501,938	69,129	-	571,067
General Administrative	116,904	-	-	116,904
School Administrative Services	113,838	-	-	113,838
Central Services	72,378	-	-	72,378
Administrative Information Technology	14,862	-	-	14,862
Plant Operations & Maintenance	297,611	-	-	297,611
Pupil Transportation	113,235	-	-	113,235
Unallocated Benefits	1,009,490	-	-	1,009,490
On Behalf TPAF Pension and Social Security Contributions	659,134	-	-	659,134
Capital Outlay	3,774	3,066	-	6,840
Debt Service:				
Principal	-	-	17,202	17,202
Interest & Other Charges	1,824	-	2,798	4,622
Total Expenditures	4,853,827	444,637	20,000	5,318,464
Excess/(Deficiency) of Revenues Over Expenditures	23,736	2,829	(20,000)	6,565
Other Financing Sources (Uses):				
Transfers Out	(20,000)	-	20,000	-
Total Other Financing Sources (Uses)	(20,000)	-	20,000	-
Net Changes in Fund Balances	3,736	2,829	-	6,565
Fund Balance, July 1	583,489	(9,917)	-	573,572
Fund Balance, June 30	\$ 587,225	\$ (7,088)	\$ -	\$ 580,137

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Total Net Changes in Fund Balances - Governmental Funds (B-2)	\$	6,565
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation Expense	\$	(172,580)
Capital Outlays		<u>6,840</u>
		(165,740)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(5,959)
Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		23,337
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).		
		1,206
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>5,160</u>
Change in Net Position of Governmental Activities	\$	<u><u>(135,431)</u></u>

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Proprietary Funds

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**SEASIDE HEIGHTS SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	MAJOR FUNDS	
	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	
	FOOD SERVICE	TOTALS
ASSETS		
Current Assets:		
Cash & Cash Equivalents	\$ 1,009	\$ 1,009
Accounts Receivable:		
Federal	54,428	54,428
State	901	901
Total Current Assets	56,338	56,338
Total Assets	56,338	56,338
LIABILITIES		
Current Liabilities:		
Accounts Payable	8,254	8,254
Interfund Payable	3,911	3,911
Total Current Liabilities	12,165	12,165
NET POSITION		
Unrestricted	44,173	44,173
Total Net Position	\$ 44,173	\$ 44,173

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS	
	BUSINESS-TYPE	
	ACTIVITIES -	
	ENTERPRISE	
	FUNDS	
	FOOD	
	SERVICE	TOTALS
Operating Expenses:		
Cost of Sales - Reimbursable Programs	\$ 117,105	\$ 117,105
Salaries	32,532	32,532
Supplies and Materials	39,207	39,207
Total Operating Expenses	188,844	188,844
Operating Loss	(188,844)	(188,844)
Nonoperating Revenues:		
State Sources:		
State School Lunch Program	2,365	2,365
Federal Sources:		
National School Lunch Program	120,949	120,949
National School Breakfast Program	65,883	65,883
National School PB Program	2,468	2,468
Fresh Fruit	18,450	18,450
Food Distribution Program	15,313	15,313
Interest Revenue	3	3
Total Nonoperating Revenues	225,431	225,431
Change in Net Position	36,587	36,587
Total Net Position - Beginning	7,586	7,586
Total Net Position - Ending	\$ 44,173	\$ 44,173

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS	
	BUSINESS-TYPE	
	ACTIVITIES -	
	ENTERPRISE	
	FUNDS	
	FOOD	
	SERVICE	TOTALS
Cash Flows From Operating Activities:		
Payments to Employees	\$ (32,532)	\$ (32,532)
Payments to Suppliers	(135,854)	(135,854)
Net Cash Used for Operating Activities	(168,386)	(168,386)
Cash Flows From Noncapital Financing Activities:		
State Sources	2,365	2,365
Federal Sources	166,021	166,021
Interest Earned	3	3
Net Cash Provided by Noncapital Financing Activities	168,389	168,389
Net Increase in Cash & Cash Equivalents	3	3
Balances - Beginning of Year	1,006	1,006
Balances - End of Year	\$ 1,009	\$ 1,009
Reconciliation of Operating Loss to Net Cash		
 Provided by/(Used for) Operating Activities:		
Operating Loss	\$ (188,844)	\$ (188,844)
Adjustments to Reconcile Operating Loss		
to Net Cash Provided by/(Used for) Operating Activities:		
Food Distribution Program	15,313	15,313
Decrease in Other Current Liabilities	(3,109)	(3,109)
Increase in Accounts Payable	8,254	8,254
Total Adjustments	20,458	20,458
Net Cash Used by Operating Activities	\$ (168,386)	\$ (168,386)

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

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Fiduciary Fund

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**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUNDS
ASSETS		
Cash & Cash Equivalents	\$ 23,666	\$ 118,492
Interfund Receivable	1,518	-
Total Assets	\$ 25,184	\$ 118,492
LIABILITIES		
Interfund Payable	\$ -	\$ 2,018
Payroll Deductions & Withholdings	-	116,474
Total Liabilities	-	\$ 118,492
NET POSITION		
Restricted - Held in Trust for Unemployment Claims & Other Purposes	25,184	
Total Net Position	\$ 25,184	

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

	<u>UNEMPLOYMENT COMPENSATION TRUST</u>
ADDITIONS	
Contributions:	
Contributions	<u>\$ 7,736</u>
Total Contributions	<u>7,736</u>
Investment Earnings:	
Interest	<u>69</u>
Net Investment Earnings	<u>69</u>
Total Additions	<u>7,805</u>
DEDUCTIONS	
Unemployment Claims	<u>8,074</u>
Total Deductions	<u>8,074</u>
Change in Net Position	(269)
Net Position - Beginning	<u>25,453</u>
Net Position - Ending	<u><u>\$ 25,184</u></u>

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

SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

The School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the Board). The Board is comprised of five members appointed to three-year terms. The operations of the District include one elementary school located in Seaside Heights. The School District has an approximate enrollment at June 30, 2020 of 203 students.

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

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

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

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*. The School District had no component units as of for the year ended June 30, 2020.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

The School District reports the following major governmental funds:

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

As required by the New Jersey Department of Education (DOE) the School District includes budgeted capital outlay in this fund. GAAP as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

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

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

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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

The School District reports the following major proprietary fund:

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

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary fund:

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

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

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

Budgets/Budgetary Control

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

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

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with GASB. New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Tuition Receivable/Payable

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

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

Description:	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Building and Improvements	10-50 Years	N/A
Equipment	5-20 Years	5-12 Years

Compensated Absences

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

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

Unearned Revenue

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions

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

Fund Balance

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the business administrator through the budgetary process.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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

Net Position

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

Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

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

Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 11, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2020:

GASB Statement No. 95, *Postponement of The Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Recently Issued Accounting Pronouncements

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

- Statement No. 84, Fiduciary Activities will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 87, Leases will be effective for reporting periods beginning after June 15, 2021.
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period will be effective for reporting periods beginning after December 15, 2020.
- Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61, will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 91, Conduit Debt Obligations will be effective for reporting periods beginning after December 15, 2021.
- Statement No. 93, Replacement of Interbank Offered Rates will be effective for reporting periods beginning after June 15, 2021.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, *NJSA 17:9-41 et seq.* requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by Federal Deposit Insurance Corporation (FDIC). Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below. As of June 30, 2020, the School District’s bank balance of \$563,415 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	414,555
Uninsured and Uncollateralized		148,860
Total	\$	563,415

Investments

The School District had no investments at June 30, 2020.

Note 3. Reserve Accounts

Capital Reserve

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 3. Reserve Accounts (Continued)

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	58,373
Increased by:		
Interest Earnings		25
Ending Balance, June 30, 2020	\$	58,398

Emergency Reserve

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

The activity of the emergency reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	50,302
Increased by:		
Interest Earnings		25
Ending Balance, June 30, 2020	\$	50,327

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 3. Reserve Accounts (Continued)

Maintenance Reserve

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

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	56,791
Increased by:		
Interest Earnings		25
Deposits Approved by Board		50,000
		50,000
Ending Balance, June 30, 2020	\$	106,816

Note 4. Accounts Receivable

Accounts receivable at June 30, 2020 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2020, consisted of the following:

Description:	Governmental Funds		Total Governmental Activities
	General Fund	Special Revenue Fund	
Federal Awards	\$ -	\$ 9,813	\$ 9,813
State Awards	6,992	-	6,992
Other	272,964	-	272,964
Total	\$ 279,956	\$ 9,813	\$ 289,769
Description:	Proprietary Funds		Total Business-Type Activities
	Food Service Fund		
Federal Awards	\$ 54,428	\$ 54,428	\$ 54,428
State Awards	901	901	901
Total	\$ 55,329	\$ 55,329	\$ 55,329

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Governmental Activities			Balance June 30, 2020
	Balance July 1, 2019	Additions	Retirements and Transfers	
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 75,364	\$ -	\$ -	\$ 75,364
Total Capital Assets not being Depreciated	<u>75,364</u>	<u>-</u>	<u>-</u>	<u>75,364</u>
Capital Assets being Depreciated:				
Buildings and Improvements	4,655,497	-	-	4,655,497
Equipment	1,116,505	6,840	-	1,123,345
Total Capital Assets being Depreciated	<u>5,772,002</u>	<u>6,840</u>	<u>-</u>	<u>5,778,842</u>
Accumulated Depreciation:				
Buildings and Improvements	(2,061,150)	(118,165)	-	(2,179,315)
Equipment	(593,688)	(54,415)	-	(648,103)
Total Accumulated Depreciation	<u>(2,654,838)</u>	<u>(172,580)</u>	<u>-</u>	<u>(2,827,418)</u>
Total Capital Assets being Depreciated, Net	<u>3,117,164</u>	<u>(165,740)</u>	<u>-</u>	<u>2,951,424</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 3,192,528</u>	<u>\$ (165,740)</u>	<u>\$ -</u>	<u>\$ 3,026,788</u>

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

Governmental Activities:

Instruction:	
Regular Instruction	\$ 80,491
Special Education Instruction	15,843
Other Instruction	4,107
Support Services:	
Tuition	2,968
Student & Instruction Related Services	34,430
General Administrative	5,574
School Administrative Services	5,419
Central Services	3,452
Administrative Info. Technology	708
Plant Operations & Maintenance	14,186
Pupil Transportation	<u>5,402</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 172,580</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2020 are as follows:

Fund:	Interfund Receivables	Interfund Payables
General Fund	\$ 22,312	\$ 1,000
Special Revenue Fund	-	16,901
Enterprise Fund	-	3,911
Agency Fund	1,518	2,018
Total	\$ 23,830	\$ 23,830

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

There were no interfund transfers for the year ended June 30, 2020

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2020 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Balance Due Within One Year
Governmental Activities:					
Capital Leases	\$ 23,125	\$ -	\$ 6,135	\$ 16,990	\$ 6,541
Compensated Absences	304,883	(5,160)	-	299,723	-
FEMA CDL	113,174	-	17,202	95,972	95,972
Net Pension Liability	1,544,099	-	207,104	1,336,995	-
Total	\$ 1,985,281	\$ (5,160)	\$ 230,441	\$ 1,749,680	\$ 102,513

For governmental activities, the FEMA CDL payable is liquidated from the School District's debt service fund. Compensated absences, capital leases and the net pension liability are liquidated by the general fund.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 7. Long-Term Obligations (Continued)

Capital Lease Payable

The School District is leasing capital items and equipment under capital leases. All capital leases are for terms of five to ten years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2020:

Fiscal Year Ending June 30, 2020	Total
2021	\$ 7,431
2022	5,454
2023	5,275
2024	440
Total Minimum Lease Payments	18,600
Less: Amount Representing Interest	(1,610)
Present Value of Minimum Lease Payments	<u>\$ 16,990</u>

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

FEMA Community Disaster Loan

On May 20, 2013, the School District submitted a formal request for a Federal Emergency Management Agency (FEMA) Community Disaster Loan (CDL) in the amount of \$1,043,805 in relation to Super Storm Sandy losses and expenditures. The School District was approved for the full request of \$1,043,805. The School District utilized these funds in each of the next two budget years - \$777,550 in the 2013-14 fiscal year and \$266,255 in the 2014-15 fiscal year. As of June 30, 2015 there was no remaining CDL balance to be drawn down.

The School District applied for and received a CDL in response to the devastating effects on the property tax ratable base of the municipality due to Superstorm Sandy in October 2012. The School District was approved for \$1,043,805 total loan. This loan was subject to FEMA review during the past to years and based on FEMA's calculation of the revenue loss that the School District experienced over the specified period the School District qualified for partial cancellation of \$703,651 in principal along with the corresponding interest of \$40,629. The School District budgeted \$20,000 in the 2019-2020 budget towards repayment of the loan which was made on March 25, 2020. The cumulative amount of principal and interest accrued through June 30, 2020 is \$95,972 and \$382, respectively.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey (the State), PERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the School District reported a liability of \$1,336,995 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The School District's proportion measured as of June 30, 2019, was 0.0074201292%, which was a decrease of 0.0004221108% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized full accrual pension expense of \$78,138 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 23,997	\$ 5,906
Changes of Assumptions	133,504	464,067
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	21,105
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	205,636	189,892
School District contributions subsequent to measurement date	84,878	-
	\$ 448,015	\$ 680,970

\$84,878 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2019-2020 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Year Ending June 30,		
2020	\$	(38,824)
2021		(106,297)
2022		(122,023)
2023		(41,442)
2024		(9,247)
	<u>\$</u>	<u>(317,833)</u>

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018		5.63
June 30, 2019		5.21
Net Difference between Projected and Actual and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between School District's Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on Years of Service
Thereafter	3.00% - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rate were based on the Pub-2010 General Below-Median Income Employee Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2010 using a generational approach based on the plan actuary’s modified MP-2019 projection scales. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2019 are summarized in the following table:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate of 6.28% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
School District's Proportionate Share of the Net Pension Liability	\$ 1,700,590	\$ 1,336,995	\$ 1,047,752

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	6/30/2020	6/30/2019
Collective Deferred Outflows of Resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Collective Net Pension Liability	18,143,832,135	19,689,501,539
School District's portion	0.007420%	0.00784%

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - TPAF is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the Division. For additional information about TPAF, please refer to the Division's CAFR which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

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

The following represents the membership tiers for TPAF:

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of *Chapter 78, P.L. 2011*, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.5% in State fiscal year 2018. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2020 was \$10,008,436. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0163081021%, which was a decrease of 0.000429% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State recognized a pension expense in the amount of \$590,324 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2019 measurement date.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumption - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.60% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of Net Pension Liability Associated with the School District	\$ 11,802,161	\$ 10,008,436	\$ 8,520,210

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	6/30/2020	6/30/2019
Collective Deferred Outflows of Resources	\$ 10,129,162,237	\$ 12,675,037,111
Collective Deferred Inflows of Resources	17,736,240,054	16,381,811,844
Collective Net Pension Liability	61,519,112,443	63,806,350,446
School District's portion	0.01631%	0.01674%

C. Defined Contribution Retirement Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2019 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

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

For the year ended June 30, 2020, employee contributions totaled \$7,128, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$3,888.

Note 9. Other Post-Retirement Benefits (OPEB)

General Information about the Other Postemployment Benefits (OPEB) Plan

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

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

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

Basis of Presentation

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (OPEB) (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate 2.25%

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 3.05% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$7,470,045. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the School District was 0.017901%, which was an increase of 0.000131% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State recognized an OPEB expense in the amount of \$274,417 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (OPEB) (continued)

Health Care Trend Assumptions

For pre-medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the total nonemployer OPEB liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.5%)	At Discount Rate (3.5%)	At 1% Increase (4.5%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 8,825,075	\$ 7,470,045	\$ 6,393,683
State of New Jersey's Total Nonemployer OPEB Liability	\$ 49,298,534,898	\$ 41,729,081,045	\$ 35,716,321,820

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

The following presents the total nonemployer OPEB liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (OPEB) (continued)

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 6,154,984	\$ 7,470,045	\$ 9,210,916
State of New Jersey's Total Nonemployer OPEB Liability	\$ 34,382,902,820	\$ 41,729,081,045	\$ 51,453,912,586

Additional Information

Collective balances of the Local Group at June 30, 2020 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	-	\$ (10,484,965,300)
Change in Assumptions	-	(8,481,529,343)
Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	TBD	-
	\$ -	\$ (18,966,494,643)

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (OPEB) (continued)

Additional Information (continued):

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

Fiscal Year Ending June 30,		
2020	\$	(2,546,527,182)
2021		(2,546,527,182)
2022		(2,546,527,182)
2023		(2,546,527,182)
2024		(2,546,527,182)
Thereafter		(6,233,858,733)
		\$ (18,966,494,643)

** Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2019, the Program membership consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
	364,943

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Total OPEB Liability	
Service Cost	\$ 1,734,404,850
Interest Cost	1,827,787,206
Difference Between Expected & Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Contributions: Member	37,971,171
Gross Benefit Payments	(1,280,958,373)
Net Change in Total OPEB Liability	(4,381,751,937)
Total OPEB Liability (Beginning)	46,110,832,982
Total OPEB Liability (Ending)	\$ 41,729,081,045
Total Covered Employee Payroll	13,929,083,479
Net OPEB Liability as a Percentage of Payroll	300%

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

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

As previously mentioned, the School District receives on-behalf payments from the State for normal costs and post-retirement medical costs related to the TPAF pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2020, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$376,745, \$142,310, \$139,765 and \$314, respectively.

Note 11. Risk Management

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

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

For the Year Ended June 30,	School District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2020	\$ -	\$ 69	\$ 7,736	\$ 8,074	\$ 25,184
2019	-	75	6,949	12,025	25,453
2018	-	44	7,863	2,137	30,454

Property and Liability Insurance – The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 12. Contingencies (Continued)

Economic Dependency – The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District’s programs and activities.

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable

Lincoln Financial

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2020, the liability for compensated absences reported was \$299,723.

Note 15. Tax Abatements

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

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 16. Agreement with Central Regional School District

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

Note 17. Fund Balances

General Fund – Of the \$587,225 General Fund balance at June 30, 2020, \$58,398 has been restricted for the Capital Reserve Account; \$106,816 has been restricted for the Maintenance Reserve Account; \$50,327 has been restricted for the Emergency Reserve Account; \$2,814 has been restricted for excess surplus designated for subsequent year's expenditures; \$250,000 has been assigned to subsequent year's expenditures; and \$118,870 is unassigned.

Note 18. Deficit Fund Balances

The School District has a deficit fund balance of \$7,088 in the Special Revenue Fund as of June 30, 2020 as reported in the fund statements (modified accrual basis). *N.J.S.A. 18A:22-44.2* provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the School District cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unassigned fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the fund statements (modified accrual basis) of \$7,088 is equal to the last two state aid payments.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of (\$1,689,091) at June 30, 2020. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for PERS as of June 30, 2020. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:					
Local Sources:					
Local Tax Levy	10-1210	\$ 3,025,000	\$ -	\$ 3,025,000	\$ -
Tuition From Individuals	10-1310	5,000	-	5,000	88,858
Unrestricted Miscellaneous Revenues	10-1990	38,305	-	38,305	(11,224)
Interest Earned on Emergency Reserve	10-1993	25	-	25	-
Interest Earned on Maintenance Reserve	10-1994	25	-	25	-
Interest Earned on Capital Reserve Funds	10-1995	25	-	25	-
Total Local Sources		3,068,380	-	3,068,380	77,634
State Sources:					
School Choice Aid	10-3116	124,647	-	124,647	-
Categorical Transportation Aid	10-3121	11,203	-	11,203	-
Categorical Special Education Aid	10-3132	184,630	-	184,630	-
Equalization Aid	10-3176	290,304	-	290,304	-
Categorical Security Aid	10-3177	92,138	-	92,138	-
Adjustment Aid	10-3178	364,843	-	364,843	-
Nonbudgeted:					
TPAF Pension (on-behalf)		-	-	376,745	376,745
TPAF Social Security (reimbursed)		-	-	142,310	142,310
TPAF Post Retirements		-	-	139,765	139,765
TPAF Long-Term Disability Insurance (on behalf)		-	-	314	314
Total State Sources		1,067,765	-	1,067,765	659,134
Total Revenues		4,136,145	-	4,136,145	736,768
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	11-105-100-101	-	143,300	143,300	14
Kindergarten - Salaries of Teachers	11-110-100-101	164,253	-	164,253	320
Grades 1-5 - Salaries of Teachers	11-120-100-101	703,723	83,240	786,963	3,565
Grades 6-8 - Salaries of Teachers	11-130-100-101	141,023	(52,200)	88,823	1,023
Regular Programs - Home Instruction:					
Salaries of Teachers	11-150-100-101	5,000	(4,000)	1,000	1,000
Purchased Professional - Educational Services	11-150-100-320	5,000	-	5,000	3,998
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	11-190-100-106	33,979	39,200	73,179	43
Purchased Professional - Educational Services	11-190-100-320	10,000	(5,900)	4,100	16
Other Purchased Services	11-190-100-500	12,000	-	12,000	1,135
General Supplies	11-190-100-610	40,000	10,800	50,800	2,658
Textbooks	11-190-100-640	5,000	(4,000)	1,000	739
Other Objects	11-190-100-800	5,000	(3,500)	1,500	1,040
Total Regular Programs - Instruction		1,124,978	206,940	1,331,918	15,551

SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Special Education - Instruction: Learning and/or Language Disabilities: Salaries of Teachers	11-204-100-101	184,434	(102,800)	81,634	81,479	155
Other Salaries for Instruction	11-204-100-106	112,525	(29,000)	83,525	82,571	954
General Supplies	11-204-100-610	1,000	-	1,000	-	1,000
Total Learning and/or Language Disabilities		297,959	(131,800)	166,159	164,050	2,109
Special Education - Instruction: Resource Room/Resource Center: Salaries of Teachers	11-213-100-101	197,343	(57,000)	140,343	140,308	35
Other Salaries	11-213-100-106	56,470	(28,000)	28,470	28,180	290
General Supplies	11-213-100-610	1,000	(275)	725	-	725
Total Resource Room/Resource Center		254,813	(85,275)	169,538	168,488	1,050
Bilingual Education - Instruction: Salaries of Teachers	11-240-100-101	65,104	275	65,379	65,379	-
General Supplies	11-240-100-610	-	100	100	28	72
Total Bilingual Education - Instruction		65,104	375	65,479	65,407	72
School-Sponsored Cocurricular/Extra Curricular Activities - Instruction: Other Objects	11-401-100-800	3,000	(100)	2,900	250	2,650
Total School-Sponsored Cocurricular/Extra Curricular Activities - Instruction		3,000	(100)	2,900	250	2,650
Summer School - Instruction: Salaries of Teachers	11-422-100-101	20,000	(180)	19,820	16,910	2,910
Purchased Professional and Technical Services	11-422-100-300	5,000	(1,000)	4,000	2,000	2,000
Other Objects	11-422-100-800	-	1,680	1,680	1,680	-
Total Summer School - Instruction		25,000	500	25,500	20,590	4,910
Undistributed Expenditures - Instruction (Tuition): Tuition to Other LEAs Within State - Regular Tuition to Other LEAs Within State - Special Tuition to Private School Disabled - Within State Tuition - State Facilities	11-000-100-561 11-000-100-562 11-000-100-566 11-000-100-568	- - 65,000 39,872	15,500 10,000 (25,500) -	15,500 10,000 39,500 39,872	15,497 7,032 57 39,872	3 2,968 39,443 -
Total Undistributed Expenditures - Instruction (Tuition)		104,872	-	104,872	62,458	42,414
Undistributed Expenditures Attendance and Social Work: Salaries Purchased Professional and Technical Services	11-000-211-100 11-000-211-300	66,144 5,000	- -	66,144 5,000	59,656 3,681	6,488 1,319
Total Undistributed Expenditures Attendance and Social Work		71,144	-	71,144	63,337	7,807

SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Health Services:					
Salaries	11-000-213-100	82,578	4,000	86,578	85,804
Other Purchased Services	11-000-213-500	1,000	-	1,000	1,000
Supplies and Materials	11-000-213-600	3,500	-	3,500	1,088
					2,412
Total Undistributed Expenditures - Health Services		87,078	4,000	91,078	87,892
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	11-000-216-100	58,335	2,500	60,835	49,949
Purchased Professional - Educational Services	11-000-216-320	40,000	(14,000)	26,000	10,345
Supplies and Materials	11-000-216-600	1,500	-	1,500	815
					685
Total Undistributed Expenditures - Speech, OT, PT and Related Services		99,835	(11,500)	88,335	61,109
Undistributed Expenditures - Other Support Services - Extra Services:					
Salaries	11-000-217-100	59,626	6,000	65,626	65,270
					356
Total Undistributed Expenditures - Other Support Services - Extra Services		59,626	6,000	65,626	65,270
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	11-000-218-104	56,768	500	57,268	57,029
Purchased Professional - Educational Services	11-000-218-320	1,000	3,000	4,000	3,681
Supplies and Materials	11-000-218-600	1,000	-	1,000	229
					771
Total Undistributed Expenditures - Guidance		58,768	3,500	62,268	60,939
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	11-000-219-104	116,842	23,300	140,142	140,100
Salaries of Secretaries & Clerical Assistants	11-000-219-105	35,190	21,800	56,990	56,909
Purchased Professional - Educational Services	11-000-219-320	20,000	(1,240)	18,760	18,758
Supplies and Materials	11-000-219-600	3,000	(1,000)	2,000	1,513
					487
Total Undistributed Expenditures - Child Study Teams		175,032	42,860	217,892	217,280
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	11-000-221-102	12,000	21,000	33,000	32,900
Purchased Professional - Educational Services	11-000-221-320	20,000	(3,500)	16,500	16,358
					142
Total Undistributed Expenditures - Improvement of Instruction Services		32,000	17,500	49,500	49,258

SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Educational Media Services/Library:				
Salaries	63,498	(20,000)	43,498	43,480
Supplies and Materials	8,000	(6,800)	1,200	944
Total Undistributed Expenditures - Educational Media Services/Library	71,498	(26,800)	44,698	44,424
Undistributed Expenditures - Instructional Staff Training Services:				
Purchased Professional - Educational Services	1,000	14,000	15,000	2,367
Other Purchased Services	1,000	1,000	2,000	1,291
Total Undistributed Expenditures - Instructional Staff Training Services	2,000	15,000	17,000	3,658
Undistributed Expenditures - Support Services - General Administration:				
Salaries	15,000	1,250	16,250	16,250
Salaries - Governance Staff	3,600	-	3,600	3,600
Legal Services	7,500	(500)	7,000	6,604
Audit Fees	19,000	(950)	18,050	17,888
Purchased Technical Services	16,000	(500)	15,500	15,449
Communications/Telephone	15,000	5,100	20,100	20,093
BOE Other Purchased Professional Services	5,000	(3,300)	1,700	1,519
Other Purchased Services	8,000	600	8,600	8,076
General Supplies	800	-	800	773
Miscellaneous Expenditures	800	23,600	24,400	24,363
BOE Membership Dues and Fees	2,900	-	2,900	2,289
Total Undistributed Expenditures - Support Services - General Administration	93,600	25,300	118,900	116,904
Undistributed Expenditures - Support Services - School Administration:				
Salaries of Principals/Assistant Principals	100,509	-	100,509	100,025
Salaries of Secretaries & Clerical Assistants	20,205	(6,100)	14,105	11,092
Purchased Professional & Technical Services	1,000	-	1,000	1,000
Supplies and Materials	2,000	-	2,000	1,721
Total Undistributed Expenditures - Support Services - School Administration	123,714	(6,100)	117,614	113,838
Undistributed Expenditures - Central Services:				
Salaries	24,228	4,500	28,728	27,798
Purchased Professional Services	18,000	500	18,500	18,456
Purchased Technical Services	25,000	-	25,000	25,000
Supplies and Materials	2,500	(505)	1,995	899
Miscellaneous Expenditures	250	5	255	225
Total Undistributed Expenditures - Central Services	69,978	4,500	74,478	72,378
Total Undistributed Expenditures - Support Services - General Administration	93,600	25,300	118,900	116,904
Total Undistributed Expenditures - Support Services - School Administration	123,714	(6,100)	117,614	113,838
Total Undistributed Expenditures - Central Services	69,978	4,500	74,478	72,378
Total Undistributed Expenditures - General Administration	193,282	23,700	216,982	210,110

SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020		VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS FINAL BUDGET	
Undistributed Expenditures -				
Administrative Information Technology:				
Purchased Technical Services	11-000-252-340	7,000	(1,500)	5,500
Supplies and Materials	11-000-252-600	7,000	5,000	12,000
				3,355
				11,507
				2,145
				493
Total Undistributed Expenditures -				
Administrative Information Technology		14,000	3,500	17,500
				14,862
				2,638
Undistributed Expenditures -				
Required Maintenance for School Facilities:				
Salaries	11-000-261-100	27,199	9,000	36,199
Cleaning, Repair & Maintenance Services	11-000-261-420	40,000	100	40,100
General Supplies	11-000-261-610	4,000	2,400	6,400
Other Objects	11-000-261-800	500	-	500
				214
				286
Total Undistributed Expenditures -				
Required Maintenance for School Facilities		71,699	11,500	83,199
				82,045
				1,154
Undistributed Expenditures - Custodial Services:				
Salaries	11-000-262-100	76,105	(3,000)	73,105
Salaries of Non-Instructional Aides	11-000-262-107	12,000	(8,200)	3,800
Cleaning, Repair & Maintenance Services	11-000-262-420	4,000	(1,000)	3,000
Other Purchased Property Services	11-000-262-490	5,000	(5,000)	-
Insurance	11-000-262-520	40,000	16,762	56,762
General Supplies	11-000-262-610	15,000	(5,362)	9,638
Energy (Electricity)	11-000-262-622	60,000	(9,000)	51,000
				1,349
				8,289
				3,121
Total Undistributed Expenditures - Custodial Services		212,105	(14,800)	197,305
				189,266
				8,039
Undistributed Expenditures -				
Care and Upkeep of Grounds:				
Purchased Professional and Technical Services	11-000-263-300	3,000	3,100	6,100
General Supplies	11-000-263-610	1,000	(1,000)	-
				6,050
				50
Total Undistributed Expenditures -				
Care and Upkeep of Grounds		4,000	2,100	6,100
				6,050
				50
Security:				
Purchased Professional and Technical Services	11-000-266-300	25,000	(4,000)	21,000
				20,250
				750
Total Security		25,000	(4,000)	21,000
				20,250
				750

SEASIDE HEIGHTS SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -				
Student Transportation Services:				
Sal for Pupil Trans (Bet Home & Sch)- Sp Ed	26,298	6,000	32,298	31,930
Contract Services -Aid in Lieu Payments - Non Public Schools	3,000	(1,000)	2,000	1,900
Contract Services (Between Home & School) - Vendors	-	5,500	5,500	5,421
Contract Services (Other Than Between Home & School) - Vendors	10,000	(5,800)	4,200	4,171
Contract Serv.(Sp Ed Stds)-Joint Agrmnts	25,000	(12,000)	13,000	12,874
Contract Services (Special Education) - ESCs & CTSA	30,000	27,000	57,000	56,939
Miscellaneous Purchased Services - Transportation	2,000	-	2,000	-
Total Undistributed Expenditures -	96,298	19,700	115,998	113,235
Student Transportation Services				2,763
Unallocated Benefits:				
Group Insurance	2,500	(2,000)	500	311
Social Security Contributions	99,725	49,000	148,725	118,156
Other Retirement Contributions - PERS	87,000	(14,300)	72,700	72,682
Pension Contributions	5,000	-	5,000	4,342
Unemployment Compensation	11,000-291-210	(5,000)	-	-
Workmen's Compensation	11,000-291-250	(4,400)	31,600	31,541
Health Benefits	11,000-291-260	(89,600)	716,320	707,709
Tuition Reimbursement	11,000-291-270	5,000	250	5,250
Other Employee Benefits	11,000-291-280	66,000	45,550	45,499
Unused Sick Payment to Staff	11,000-291-299	24,000	24,000	24,000
Total Unallocated Benefits	1,136,145	(86,500)	1,049,645	1,009,490
Nonbudgeted:				
TPAF Pension (on-behalf)	-	-	-	376,745
TPAF Social Security (reimbursed)	-	-	-	142,310
TPAF Post Retirements	-	-	-	139,765
TPAF Long-Term Disability Insurance (on behalf)	-	-	-	314
Total Undistributed Expenditures	2,608,392	5,760	2,614,152	3,113,077
Total Expenditures - Current Expense	4,379,246	(3,600)	4,375,646	4,848,229
Interest Deposit to Capital Reserves	25	-	25	-
Interest Deposit to Maintenance Reserves	25	-	25	-
Interest Deposit to Emergency Reserves	25	-	25	-
Capital Outlay:				
Equipment:				
Grades 1-5	5,000	(700)	4,300	-
Undistributed Expenditures:				
Undistributed Expenditures - Admin Info Tech.	-	3,700	3,700	3,219
Undist. Expend. - Security	-	600	600	555
Total Equipment	5,000	3,600	8,600	3,774
Facilities Acquisition & Construction Services:				
Assessment for Debt Service on SDA Funding	1,824	-	1,824	1,824
Total Facilities Acquisition & Construction Services	1,824	-	1,824	1,824
Total Capital Outlay	6,824	3,600	10,424	5,598
Total Expenditures	4,386,145	-	4,386,145	4,853,827
				(467,682)

SEASIDE HEIGHTS SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)	(250,000)	-	(250,000)	19,086
Other Financing Sources/(Uses):				
Transfers In/(Out):				
Transfer from General Fund to Debt Service Fund	(20,000)	-	(20,000)	(20,000)
Total Other Financing Sources/(Uses)	(20,000)	-	(20,000)	(20,000)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)	(270,000)	-	(270,000)	(914)
Fund Balances, July 1	688,281	-	688,281	688,281
Fund Balances, June 30	\$ 418,281	\$ -	\$ 418,281	\$ 687,367

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 58,398
Maintenance Reserve	106,816
Emergency Reserve	50,327
Excess Surplus Designated for Subsequent Year's Expenditures	2,814
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	250,000
Unassigned Fund Balance	219,012
Subtotal	687,367
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	(100,142)
Fund Balance per Governmental Funds (GAAP)	\$ 587,225

SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

	JUNE 30, 2020			VARIANCE
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL TO ACTUAL (OVER)/UNDER
	BUDGET		BUDGET	ACTUAL
Revenues:				
Local Sources	\$ -	\$ 3,066	\$ 3,066	\$ -
State Sources	75,576	-	75,576	-
Federal Sources	268,096	103,098	371,194	5,199
Total Revenues	343,672	106,164	449,836	5,199
Expenditures:				
Instruction:				
Salaries of Teachers	169,076	149,062	318,138	316,622
Other Purchased Services (400-500 Series)	73,322	(46,394)	26,928	26,928
General Supplies	-	28,892	28,892	28,892
Total Instruction	242,398	131,560	373,958	372,442
Support Services:				
Personal Services - Employee Benefits	92,345	(32,741)	59,604	56,086
Purchased Educational Services	-	11,208	11,208	11,208
Other Purchased Services (400-500 Series)	-	2,000	2,000	1,835
Supplies and Materials	8,929	(8,929)	-	-
Total Support Services	101,274	(28,462)	72,812	69,129
Facilities Acquisition & Construction Services:				
Noninstructional Equipment	-	3,066	3,066	3,066
Total Facilities Acquisition & Construction Services	-	3,066	3,066	3,066
Total Expenditures	343,672	106,164	449,836	444,637
Total Outflows	343,672	106,164	449,836	444,637
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2020**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 4,872,913	\$ 444,637
Difference - Budget to GAAP:		
<p>The last state aid payments are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).</p>		
Current Year	(100,142)	(7,088)
Prior Year	104,792	9,917
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 4,877,563	\$ 447,466
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 4,853,827	\$ 444,637
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 4,853,827	\$ 444,637

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

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**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST SEVEN FISCAL YEARS */****

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.07420%	0.00008%	0.00665%	0.00768%	0.00777%	0.00643%	0.00691%
School District's proportionate share of the net pension liability	\$ 1,336,995	\$ 1,544,099	\$ 1,548,462	\$ 2,273,962	\$ 1,744,022	\$ 1,203,191	\$ 1,320,297
School District's covered payroll	\$ 503,644	\$ 536,396	\$ 510,639	\$ 471,277	\$ 457,446	\$ 519,008	\$ 489,580
School District's proportionate share of the net pension liability as a percentage of its covered payroll	265.46%	287.87%	303.24%	482.51%	381.25%	231.83%	269.68%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

SEASIDE HEIGHTS SCHOOL DISTRICT
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST SEVEN FISCAL YEARS */**

	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 72,176	\$ 78,005	\$ 61,623	\$ 68,209	\$ 66,794	\$ 52,978	\$ 52,052
Contributions in relation to the contractually required contribution	(72,176)	(78,005)	(61,623)	(68,209)	(66,794)	(52,978)	(52,052)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 513,551	\$ 503,644	\$ 536,396	\$ 510,639	\$ 471,277	\$ 457,446	\$ 519,008
Contributions as a percentage of covered payroll	14.05%	15.49%	11.49%	13.36%	14.17%	11.58%	10.03%

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

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

SEASIDE HEIGHTS SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' PENSION AND ANNUITY FUND (TPAF)
 LAST SEVEN FISCAL YEARS */**

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	\$ 10,008,436	\$ 10,647,675	\$ 10,409,627	\$ 11,034,003	\$ 9,001,264	\$ 7,632,847	\$ 7,062,221
	\$ 10,008,436	\$ 10,647,675	\$ 10,409,627	\$ 11,034,003	\$ 9,001,264	\$ 7,632,847	\$ 7,062,221
School District's covered payroll	\$ 1,972,100	\$ 1,884,311	\$ 1,762,862	\$ 1,696,488	\$ 1,627,986	\$ 1,423,982	\$ 1,385,387
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 369,196	\$ 400,899	\$ 482,641
Interest Cost	327,047	348,046	296,466
Difference Between Expected and Actual Experiences	(1,306,892)	(831,466)	-
Changes of Assumptions	111,379	(940,053)	(1,167,022)
Contributions: Member	6,797	7,571	8,039
Gross Benefit Payments	(229,308)	(219,047)	(218,323)
Net Change in Total OPEB Liability	(721,781)	(1,234,050)	(598,199)
Total OPEB Liability (Beginning)	8,191,826	9,425,876	10,024,075
Total OPEB Liability (Ending)	<u>\$ 7,470,045</u>	<u>\$ 8,191,826</u>	<u>\$ 9,425,876</u>
State's Covered Employee Payroll ***	\$ 2,475,744	\$ 2,420,707	\$ 2,273,501
Net OPEB Liability as a Percentage of Payroll	301.73%	338.41%	415%

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

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2020**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018, to 3.5% as of June 30, 2019.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020

	Title I	Title I, SIA	Title IIA	Title III	I.D.E.A. - Basic	I.D.E.A. - Preschool
Revenues:						
Federal Sources	\$ 195,370	\$ 59,845	\$ 15,784	\$ 10,505	\$ 81,129	\$ 3,362
Total Revenues	\$ 195,370	\$ 59,845	\$ 15,784	\$ 10,505	\$ 81,129	\$ 3,362
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 157,096	\$ 30,401	\$ 11,000	\$ 2,400	\$ 40,149	-
General Supplies	-	17,609	-	7,921	-	3,362
Total Instruction	157,096	48,010	11,000	10,321	67,077	3,362
Support Services:						
Personal Services - Employee Benefits	38,274	-	3,576	184	14,052	-
Purchased Educational Services	-	10,000	1,208	-	-	-
Other Purchased Services (400-500 Series)	-	1,835	-	-	-	-
Total Support Services	38,274	11,835	4,784	184	14,052	-
Total Expenditures	\$ 195,370	\$ 59,845	\$ 15,784	\$ 10,505	\$ 81,129	\$ 3,362

**SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	Preschool Education	Safety Grant	Totals
Revenues:			
Local Sources	-	\$ 3,066	\$ 3,066
State Sources	75,576	-	75,576
Federal Sources	-	-	365,995
Total Revenues	<u>\$ 75,576</u>	<u>\$ 3,066</u>	<u>\$ 444,637</u>
Expenditures:			
Instruction:			
Salaries of Teachers	75,576	-	\$ 316,622
General Supplies	-	-	28,892
Total Instruction	<u>75,576</u>	<u>-</u>	<u>372,442</u>
Support Services:			
Personal Services - Employee Benefits	-	-	56,086
Purchased Educational Services	-	-	11,208
Other Purchased Services (400-500 Series)	-	-	1,835
Total Support Services	<u>-</u>	<u>-</u>	<u>69,129</u>
Facilities Acquisition & Construction Services:			
Noninstructional Equipment	-	3,066	3,066
Total Facilities Acquisition & Construction Services	<u>-</u>	<u>3,066</u>	<u>3,066</u>
Total Expenditures	<u>\$ 75,576</u>	<u>\$ 3,066</u>	<u>\$ 444,637</u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	BUDGETED	ACTUAL	VARIANCE
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 75,576	\$ 75,576	\$ -
Total Instruction	75,576	75,576	-
Total Expenditures	\$ 75,576	\$ 75,576	\$ -

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2019-2020 Preschool Education Aid Allocation	\$ 75,576
Total Preschool Education Aid Funds Available for 2019-2020 Budget	75,576
Less: 2019-2020 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(75,576)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	-
Add: June 30, 2020 Unexpended Preschool Education Aid Funds	-
2019-2020 Carryover - Preschool Education Aid Funds	-
2019-2020 Preschool Education Aid Funds Carryover Budgeted in 2020-2021	\$ -

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F. Capital Projects Fund

N/A

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H. Fiduciary Fund

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SEASIDE HEIGHTS SCHOOL DISTRICT
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2020

	TRUST		AGENCY	
	UNEMPLOYMENT COMPENSATION	TRUST TOTALS	PAYROLL FUND	AGENCY TOTALS
ASSETS				
Cash & Cash Equivalents	\$ 23,666	\$ 23,666	\$ 118,492	\$ 118,492
Interfund Receivable	1,518	1,518	-	-
Total Assets	\$ 25,184	\$ 25,184	\$ 118,492	\$ 118,492
LIABILITIES				
Interfund Payable	\$ -	\$ -	\$ 2,018	\$ 2,018
Payroll Deductions & Withholdings	-	-	116,474	116,474
Total Liabilities	-	-	\$ 118,492	\$ 118,492
NET POSITION				
Restricted - Held in Trust for Unemployment Claims & Other Purposes	25,184	25,184		
Restricted - Scholarships	-	-		
Total Net Position	\$ 25,184	\$ 25,184		

**SEASIDE HEIGHTS SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

	UNEMPLOYMENT COMPENSATION TRUST	TOTAL TRUST
ADDITIONS		
Contributions:		
Contributions	\$ 7,736	\$ 7,736
Total Contributions	7,736	7,736
Investment Earnings:		
Interest	69	69
Net Investment Earnings	69	69
Total Additions	7,805	7,805
DEDUCTIONS		
Unemployment Claims	8,074	8,074
Total Deductions	8,074	8,074
Change in Net Position	(269)	(269)
Net Position - Beginning	25,453	25,453
Net Position - Ending	\$ 25,184	\$ 25,184

**SEASIDE HEIGHTS SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2020**

	BALANCE JUNE 30, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
ASSETS				
Cash & Cash Equivalents	\$ 111,943	\$ 3,499,369	\$ 3,492,820	\$ 118,492
Total Assets	<u>\$ 111,943</u>	<u>\$ 3,499,369</u>	<u>\$ 3,492,820</u>	<u>\$ 118,492</u>
LIABILITIES				
Payroll Deductions, Withholdings and Accrued Wages	\$ 108,087	\$ 3,490,982	\$ 3,499,369	\$ 116,474
Interfunds Payable	3,856	1,838	-	2,018
Total Liabilities	<u>\$ 111,943</u>	<u>\$ 3,492,820</u>	<u>\$ 3,499,369</u>	<u>\$ 118,492</u>

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I. Long-Term Debt

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SEASIDE HEIGHTS SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 YEAR ENDED JUNE 30, 2020

DESCRIPTION:	AMOUNT OF ORIGINAL ISSUE	INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2019	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2020
Copier - FY17	\$ 9,156	Variable	\$ 4,184	-	\$ 1,937	\$ 2,247
Copier - FY18	22,564	Variable	18,941	-	4,198	14,743
Total			\$ 23,125	-	\$ 6,135	\$ 16,990

SEASIDE HEIGHTS SCHOOL DISTRICT
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Expenditures:				
Regular Debt Service:				
Principal on Community Disaster Loan	\$ 17,202	\$ -	\$ 17,202	\$ -
Interest on Community Disaster Loan	2,798	-	2,798	-
Total Regular Debt Service	20,000	-	20,000	-
Total Expenditures	20,000	-	20,000	-
Other Financing Sources/(Uses):				
Transfer from/(to) Other Funds	20,000	-	20,000	-
Total Other Financing Sources/(Uses)	20,000	-	20,000	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-
Fund Balance, July 1,	-	-	-	-
Fund Balance, June 30,	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION (Unaudited)

Third Section

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Financial Trends Information

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

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

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,009,798	\$ 3,169,403	\$ 3,297,778	\$ 3,187,917	\$ 3,204,839	\$ 3,276,528	\$ 2,212,190	\$ 1,946,016	\$ 1,302,540	\$ 1,241,018
Restricted	-	-	-	-	-	-	-	(9,489)	(4,815)	(6,505)
Debt Service	218,355	168,280	165,391	710,084	411,384	432,616	684,838	1,604,637	1,245,027	1,110,926
Other Purposes	(1,689,091)	(1,663,190)	(1,558,136)	(2,344,807)	(1,695,702)	(2,233,152)	(716,945)	(89,915)	(104,259)	(51,833)
Unrestricted (Deficit)	\$ 1,539,062	\$ 1,674,493	\$ 1,905,033	\$ 1,553,194	\$ 1,920,521	\$ 1,475,992	\$ 2,180,083	\$ 3,451,249	\$ 2,438,493	\$ 2,293,606
Total Governmental Activities	\$ 44,173	\$ 7,586	\$ 8,374	\$ 5,890	\$ 2,689	\$ 37	\$ 251	\$ 14,799	\$ 590	\$ 590
Business-Type Activities:										
Unrestricted (Deficit)	\$ 44,173	\$ 7,586	\$ 8,374	\$ 5,890	\$ 2,689	\$ 37	\$ 251	\$ 14,799	\$ 590	\$ 590
Total Business-Type Activities	\$ 44,173	\$ 7,586	\$ 8,374	\$ 5,890	\$ 2,689	\$ 37	\$ 251	\$ 14,799	\$ 590	\$ 590
District-Wide:										
Net Investment in Capital Assets	\$ 3,009,798	\$ 3,169,403	\$ 3,297,778	\$ 3,187,917	\$ 3,204,839	\$ 3,276,528	\$ 2,212,190	\$ 1,946,016	\$ 1,302,540	\$ 1,241,018
Restricted	-	-	-	-	-	-	-	(9,489)	(4,815)	(6,505)
Debt Service	218,355	168,280	165,391	710,084	411,384	432,616	684,838	1,604,637	1,245,027	1,110,926
Other Purposes	(1,644,918)	(1,655,604)	(1,549,762)	(2,338,917)	(1,693,013)	(2,233,115)	(716,694)	(75,116)	(103,669)	(51,243)
Unrestricted (Deficit)	\$ 1,583,235	\$ 1,682,079	\$ 1,913,407	\$ 1,559,084	\$ 1,923,210	\$ 1,476,029	\$ 2,180,334	\$ 3,466,048	\$ 2,439,083	\$ 2,294,196
Total District Net Position	\$ 1,583,235	\$ 1,682,079	\$ 1,913,407	\$ 1,559,084	\$ 1,923,210	\$ 1,476,029	\$ 2,180,334	\$ 3,466,048	\$ 2,439,083	\$ 2,294,196

Source: CAFR Schedule A-1

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

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 2,988,552	\$ 2,768,226	\$ 2,756,466	\$ 1,607,792	\$ 1,349,042	\$ 1,375,775	\$ 1,241,356	\$ 1,122,365	\$ 1,132,720	\$ 1,268,296
Special Education	588,440	944,234	1,042,924	353,173	440,289	332,050	338,961	303,797	347,883	279,473
Other Special Education	-	-	-	60,502	57,204	55,927	90,140	60,346	50,931	73,670
Other Instruction	152,581	185,164	174,796	18,008	25,456	75,587	-	-	-	-
Support Services:										
Tuition	82,803	50,309	27,572	24,747	32,306	159,916	132,077	129,859	200,375	122,601
Attendance & Social Work Services	-	-	-	-	-	-	-	-	30,472	30,303
Health Services	-	-	-	-	-	-	-	-	67,751	70,992
Student & Instruction Related Services	958,279	1,044,511	1,090,456	676,464	616,765	645,812	599,132	523,056	475,331	446,863
Educational Media Services/School Library	-	-	-	-	-	-	-	-	80,800	54,462
Library	-	-	-	-	-	-	-	-	49,784	55,197
Instructional Staff Training	-	-	-	-	-	-	-	-	665	851
Other Administrative Services	155,110	-	169,445	98,254	110,395	91,023	125,158	121,243	37,896	37,984
Central Services	96,036	141,600	150,243	87,930	92,028	89,677	129,445	130,595	142,200	149,649
Administration Information Technology Services	19,712	131,742	85,781	40,557	36,104	38,113	33,914	25,211	41,772	34,979
School Administrative Services	150,980	79,373	12,144	31,518	37,416	55,995	29,718	28,418	25,266	21,025
Plant Operations & Maintenance	388,708	12,406	447,651	338,388	305,674	287,790	1,199,796	601,634	232,651	253,420
Pupil Transportation	150,259	413,737	165,063	62,981	116,039	104,021	62,423	38,252	56,798	41,057
Unallocated Benefits	-	-	-	2,205,772	1,820,944	1,546,013	1,052,905	1,173,004	1,105,323	972,283
Interest & Other Charges	3,416	-	3,477	18,486	21,741	22,517	14,099	11,941	10,222	14,377
Reduction of Capital Leases	-	-	-	-	-	-	-	-	-	-
Unallocated Compensated Absences	-	3,584	-	-	-	-	-	-	-	-
Unallocated Adjustment to Fixed Assets	-	-	-	23,886	-	(85,806)	-	-	(44,383)	(21,323)
Unallocated Depreciation	-	-	-	172,305	199,299	196,340	171,074	55,940	64,020	64,020
Total Governmental Activities Expenses	5,734,876	5,925,255	6,126,018	5,820,763	5,260,702	4,990,750	5,220,198	4,325,661	4,108,477	3,970,179
Business-Type Activities:										
Food Service	188,844	154,416	166,310	162,967	136,294	145,964	129,386	103,784	148,012	125,257
Total Business-Type Activities Expense	188,844	154,416	166,310	162,967	136,294	145,964	129,386	103,784	148,012	125,257
Total District Expenses	\$ 5,923,720	\$ 6,079,671	\$ 6,292,328	\$ 5,983,730	\$ 5,396,996	\$ 5,136,714	\$ 5,349,584	\$ 4,429,445	\$ 4,256,489	\$ 4,095,436
Program Revenues:										
Charges for Services	-	-	-	-	-	-	-	-	-	-
Operating Grants & Contributions	1,377,950	1,637,562	1,918,264	1,674,562	1,126,560	1,059,347	719,951	759,796	487,641	574,746
Total Governmental Activities Program Revenues	\$ 1,377,950	\$ 1,637,562	\$ 1,918,264	\$ 1,674,562	\$ 1,126,560	\$ 1,059,347	\$ 719,951	\$ 759,796	\$ 487,641	\$ 574,746
Business-Type Activities:										
Charges for Services:										
Food Service - Interest	3	3	-	-	1,572	2,338	1,088	4,404	4,946	5,866
Operating Grants & Contributions	225,428	153,625	159,794	156,168	120,374	122,512	108,750	108,209	122,446	97,070
Total Business Type Activities Program Revenues	225,431	153,628	159,794	156,168	121,946	124,850	109,838	112,613	127,392	102,936
Total District Program Revenues	\$ 1,603,381	\$ 1,791,190	\$ 2,078,058	\$ 1,830,730	\$ 1,248,506	\$ 1,184,197	\$ 829,789	\$ 872,409	\$ 615,033	\$ 677,682

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

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense)/Revenue:										
Governmental Activities	\$ (4,356,926)	\$ (4,287,693)	\$ (4,207,754)	\$ (4,146,201)	\$ (4,134,342)	\$ (3,931,403)	\$ (4,500,247)	\$ (3,565,865)	\$ (3,620,836)	\$ (3,395,433)
Business-Type Activities	36,587	(788)	(6,516)	(6,799)	(14,348)	(21,114)	(19,548)	8,829	(20,620)	(22,321)
Total District-Wide Net Expense	\$ (4,320,339)	\$ (4,288,481)	\$ (4,214,270)	\$ (4,153,000)	\$ (4,148,690)	\$ (3,952,517)	\$ (4,519,795)	\$ (3,557,036)	\$ (3,641,456)	\$ (3,417,754)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General										
Purposes, Net	3,025,000	2,900,000	2,748,368	2,748,368	2,737,431	2,430,356	1,919,061	2,696,611	2,560,517	2,510,311
Taxes Levied for Debt Service	-	45,000	-	-	-	-	108,326	109,550	110,765	112,028
Grants & Contributions	1,075,481	1,804	1,036,425	1,010,344	1,466,553	1,029,671	963,828	830,097	1,087,519	969,734
Tuition Received	93,858	1,049,750	3,729	-	2,192	7,883	9,262	1,080	16,941	41,046
Miscellaneous Income	27,156	60,598	35,791	30,162	39,336	96,699	233,605	20,505	10,981	28,929
Transfers In/Out	-	-	(9,000)	(10,000)	(17,000)	(20,900)	(5,000)	(5,000)	(21,000)	-
Special Items:										
FEMA reimbursements	-	-	-	-	-	32,837	-	375,000	-	-
Cancellation of Community Disaster Loan	-	-	744,280	-	-	-	-	-	-	-
Cancellation of Prior Year Payables	-	-	-	-	34,464	(356,521)	-	-	-	-
Capital Asset-Super Storm Sandy	-	-	-	-	115,895	502,437	-	601,632	-	-
Loss on Impairment of Assets	-	-	-	-	-	-	-	(50,854)	-	-
Community Block Grant	-	-	-	-	200,000	-	-	-	-	-
Total Governmental Activities	4,221,495	4,057,152	4,559,593	3,778,874	4,578,871	3,722,462	3,229,082	4,578,621	3,765,723	3,662,048
Business-Type Activities:										
Transfers In/Out	-	-	9,000	10,000	17,000	20,900	5,000	5,000	21,000	-
Total Business-Type Activities	-	-	9,000	10,000	17,000	20,900	5,000	5,000	21,000	-
Total District-Wide	\$ 4,221,495	\$ 4,057,152	\$ 4,568,593	\$ 3,788,874	\$ 4,595,871	\$ 3,743,362	\$ 3,234,082	\$ 4,583,621	\$ 3,786,723	\$ 3,662,048
Change in Net Position:										
Governmental Activities	\$ (135,431)	\$ (230,541)	\$ 351,839	\$ (367,327)	\$ 444,529	\$ (208,941)	\$ (1,271,165)	\$ 1,012,756	\$ 144,887	\$ 266,615
Business-Type Activities	36,587	(788)	2,484	3,201	2,652	(214)	(14,548)	13,829	380	(22,321)
Total District	\$ (98,844)	\$ (231,329)	\$ 354,323	\$ (364,126)	\$ 447,181	\$ (209,155)	\$ (1,285,713)	\$ 1,026,585	\$ 145,267	\$ 244,294

Source: CAFR Schedule A-2

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

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$ 218,355	\$ 168,280	\$ 165,391	\$ 1,216,598	\$ 1,273,318	\$ 758,929	\$ 798,271	\$ 1,684,028	\$ 1,253,207	\$ 1,209,750
Committed	-	425	-	-	-	-	-	-	-	-
Assigned	250,000	473,870	-	-	-	-	-	-	-	-
Unassigned	118,870	-	59,494	150,556	58,624	130,749	144,059	167,160	174,679	85,070
Total General Fund	\$ 587,225	\$ 642,575	\$ 224,885	\$ 1,367,154	\$ 1,331,942	\$ 889,678	\$ 942,330	\$ 1,851,188	\$ 1,427,886	\$ 1,294,820
All Other Governmental Funds:										
Unreserved, Reported in:										
Special Revenue Fund	\$ (7,088)	\$ (9,917)	\$ (7,326)	\$ (13,434)	\$ (9,487)	\$ (9,769)	\$ (13,433)	\$ (13,094)	\$ (8,180)	\$ (9,498)
Capital Projects Fund	-	-	-	-	-	-	-	277,741	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ (7,088)	\$ (9,917)	\$ (7,326)	\$ (13,434)	\$ (9,487)	\$ (9,769)	\$ (13,433)	\$ 264,647	\$ (8,180)	\$ (9,498)

Source: CAFR Schedule B-1

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES										
Tax Levy	\$ 3,025,000.00	\$ 2,945,000.00	\$ 2,748,368.00	\$ 2,748,368.00	\$ 2,737,431.00	\$ 2,430,356.00	\$ 2,027,387.00	\$ 2,806,161.00	\$ 2,671,282.00	\$ 2,622,339.00
Tuition Charges	93,858.00	1,804.00	3,729.00	7,883.00	2,192.00	1,080.00	9,264.00	16,941.00	41,046.00	41,046.00
Miscellaneous	30,222.00	62,696.00	37,811.00	30,162.00	39,331.00	96,699.00	233,591.00	20,505.00	10,981.00	28,929.00
State Sources	1,809,954.00	1,754,829.00	1,655,166.00	1,603,227.00	1,500,819.00	1,458,805.00	1,418,991.00	1,303,091.00	1,168,860.00	1,093,387.00
Federal Sources	365,995.00	334,009.00	328,343.00	426,727.00	654,787.00	296,489.00	264,788.00	286,802.00	406,300.00	451,093.00
Total Revenues	5,325,029.00	5,098,338.00	4,773,417.00	4,808,484.00	4,934,565.00	4,290,232.00	3,954,021.00	4,417,639.00	4,274,364.00	4,236,794.00
EXPENDITURES										
Instruction:	1,688,809.00	1,366,826.00	1,353,410.00	1,607,792.00	1,349,042.00	1,375,775.00	1,241,356.00	1,122,365.00	1,132,720.00	1,268,296.00
Regular Instruction	332,538.00	466,220.00	512,070.00	353,173.00	440,289.00	332,050.00	338,961.00	303,797.00	347,883.00	279,473.00
Special Education Instruction	-	63,055.00	61,022.00	60,502.00	57,204.00	55,927.00	90,140.00	60,346.00	50,931.00	73,670.00
Other Special Instruction	86,247.00	28,371.00	24,802.00	18,008.00	25,456.00	75,587.00	-	-	-	-
Other Instruction	62,458.00	35,981.00	17,227.00	24,747.00	32,306.00	159,916.00	132,077.00	129,859.00	200,375.00	122,601.00
Support Services:	63,337.00	-	-	-	-	-	-	-	30,472.00	30,303.00
Tuition	87,892.00	-	-	-	-	-	-	-	67,751.00	70,992.00
Attendance & Social Work Services	571,067.00	747,037.00	681,288.00	676,464.00	616,765.00	645,812.00	599,132.00	523,056.00	475,331.00	446,863.00
Health Services	-	-	-	-	-	-	-	-	80,800.00	54,462.00
Student & Instruction Related Services	-	-	-	-	-	-	-	-	49,784.00	55,197.00
Educational Media Services/School Library	-	-	-	-	-	-	-	-	665.00	851.00
Instructional Staff Training	116,904.00	101,273.00	105,865.00	98,254.00	110,395.00	91,023.00	129,445.00	130,595.00	142,200.00	149,649.00
Other Administrative Services	72,378.00	56,768.00	53,594.00	40,557.00	36,104.00	38,113.00	33,914.00	25,211.00	41,772.00	34,979.00
Central Services	14,862.00	8,873.00	7,587.00	31,518.00	37,416.00	55,995.00	29,718.00	28,418.00	25,266.00	21,025.00
Administration Information Technology Services	113,838.00	94,222.00	93,868.00	87,930.00	92,028.00	89,677.00	125,158.00	121,243.00	37,896.00	37,984.00
School Administrative Services	297,611.00	308,196.00	279,681.00	338,388.00	305,674.00	287,790.00	1,199,796.00	1,178,045.00	229,703.00	251,938.00
Plant Operations & Maintenance	113,235.00	107,544.00	103,127.00	62,981.00	116,039.00	104,021.00	62,423.00	38,252.00	56,798.00	41,057.00
Pupil Transportation	1,668,624.00	1,683,472.00	1,611,217.00	1,367,408.00	1,308,635.00	1,163,537.00	1,139,036.00	1,188,148.00	1,105,359.00	974,731.00
Unallocated Benefits	6,840.00	44,289.00	312,521.00	191,647.00	133,968.00	346,920.00	651,331.00	227,442.00	2,948.00	1,482.00
Business and Other Support Services:	17,202.00	45,000.00	184,355.00	-	-	-	131,975.00	128,680.00	125,542.00	122,627.00
Capital Outlay	4,622.00	-	15,645.00	-	-	-	2,451.00	7,267.00	11,912.00	16,397.00
Debt Service:	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	5,318,464.00	5,157,127.00	5,417,279.00	4,959,369.00	4,661,321.00	4,822,143.00	5,906,913.00	5,212,724.00	4,216,108.00	4,054,577.00
Other Financing Sources/(Uses):										
Community Disaster Loan (FEMA)	-	-	-	-	-	266,255.00	777,550.00	-	-	-
Community Block Grant	-	-	-	-	200,000.00	-	-	-	-	-
Transfers in	-	-	-	-	-	-	14,914.00	-	-	-
Lease Purchase Agreements	-	-	22,564.00	9,156.00	-	-	3,197.00	504,000.00	-	-
Capital Asset-Super Storm Sandy	-	-	-	-	115,895.00	502,437.00	-	601,632.00	-	-
FEMA reimbursements	-	-	-	-	-	32,837.00	-	375,000.00	-	-
Cancellation of Prior Year Payables	-	-	-	-	34,464.00	(356,521.00)	-	-	-	-
Transfers Out	-	-	(9,000.00)	(10,000.00)	(17,000.00)	(20,900.00)	(19,916.00)	(5,000.00)	(21,000.00)	-
Total Other Financing Sources/(Uses)	-	-	13,564.00	(844.00)	333,359.00	424,108.00	775,745.00	1,475,632.00	(21,000.00)	-
Net Change in Fund Balances	\$ 6,565.00	\$ (58,789.00)	\$ (630,298.00)	\$ (151,729.00)	\$ 606,603.00	\$ (107,803.00)	\$ (1,177,147.00)	\$ 680,547.00	\$ 37,256.00	\$ 182,217.00
Debt Service as a Percentage of Noncapital Expenditures	0.41%	0.88%	3.83%	0.00%	0.00%	0.00%	2.33%	2.68%	3.37%	3.55%

Source: CAFR Schedule B-2

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION FROM OTHER LEA's	TUITION		TRANSPORTATION FEES	MISCELLANEOUS	TOTAL
			TUITION OTHER				
2020	\$ 75	\$ -	\$ 93,858	\$ -	\$ -	\$ 27,081	\$ 121,014
2019	75	-	1,804	-	-	60,324	62,203
2018	150	-	3,729	-	-	35,641	39,520
2017	150	-	-	-	-	28,775	28,925
2016	150	-	2,192	-	-	38,337	40,679
2015	150	-	7,883	-	-	9,944	17,977
2014	125	-	9,264	-	-	18,629	28,018
2013	200	-	1,080	-	-	17,850	19,130
2012	97	-	16,941	-	-	3,950	20,988
2011	1,466	-	41,046	-	-	24,380	66,892
Total	\$ 2,638.00	\$ -	\$ 177,797.00	\$ -	\$ -	\$ 264,911.00	\$ 445,346.00

Source: District Records

Revenue Capacity Information

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

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SEASIDE HEIGHTS SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2020	\$ 19,582,800	\$ 410,297,000	\$ 187,545,000	\$ 28,830,100	\$ 646,254,900	\$ 97,329,000	-	\$ 548,925,900	0.964	\$ 682,783,835
2019	24,022,500	402,655,000	185,718,300	29,332,200	641,728,000	84,335,200	-	641,728,000	0.900	665,907,856
2018	24,205,000	397,426,800	189,130,300	26,644,900	637,407,000	84,865,300	-	552,541,700	0.879	647,752,177
2017	23,517,700	395,764,200	184,782,100	28,206,900	632,270,900	83,155,500	-	549,115,400	0.866	647,752,177
2016	25,230,100	393,639,500	186,208,200	28,345,200	633,423,000	69,658,800	-	563,764,200	0.884	637,374,723
2015	28,267,900	396,077,000	188,074,300	28,414,000	640,833,200	62,720,400	-	578,112,800	-	659,157,786
2014	34,644,400	389,582,900	172,293,800	27,037,200	623,558,300	60,462,400	-	563,095,900	-	661,881,223
2013	24,298,400	383,807,400	183,016,300	26,681,900	617,804,000	60,462,400	-	557,341,600	0.595	659,553,753
2012	41,262,400	513,122,400	249,842,300	38,733,100	842,960,200	79,620,500	-	763,339,700	0.603	759,697,368
2011	44,451,600	516,178,700	255,271,300	39,320,400	855,222,000	79,620,500	322,996	855,544,996	-	-

Source: Abstract of Rateables - Ocean County

**SEASIDE HEIGHTS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	BOROUGH OF EATONTOWN	REGIONAL RATE	MONMOUTH COUNTY	
2020	0.443	-	0.443	0.803	0.413	0.275	1.934
2019	0.429	-	0.429	0.789	0.406	0.307	1.931
2018	0.417	-	0.417	0.789	0.420	0.311	1.937
2017	0.431	-	0.431	0.761	0.429	0.311	1.932
2016	0.450	-	0.450	0.706	0.391	0.302	1.849
2015	0.380	-	0.380	0.681	0.406	0.317	1.784
2014	0.264	-	0.264	0.655	0.411	0.318	1.648
2013	0.267	-	0.267	0.541	0.371	0.282	1.461
2012	0.270	-	0.270	0.513	0.348	0.244	1.375
2011	0.289	-	0.289	0.472	0.333	0.241	1.335

Source: Municipal Tax Collector, Ocean County Board of Taxation.

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

	2018			RANK	2011	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE			TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Seaside Heights						
AFMV LLC	\$ 30,988,800	4.17%	1	\$ 30,737,700	4.66%	
Belle Freman Properties LLC	7,157,800	0.96%	2	23,056,000	2.95%	
McGrath Partnership	6,322,000	0.85%	3	7,897,000	1.28%	
Seaside Heights LLC	4,554,200	0.61%	4	7,744,000	0.52%	
Shree Atlantic Hospitality LLC	5,228,800	0.70%	5	7,644,200	0.45%	
Samuel Tille Inc	4,144,200	0.56%	6	6,633,000	0.40%	
Nini Feldman & Jill Finlay	3,700,000	0.50%	7	6,552,800	0.31%	
Saddy Family LLC	3,526,900	0.47%	8	5,978,100	0.28%	
Coin Castle Amusements	3,400,000	0.46%	9	5,250,000	0.27%	
Larsen Partnersip #2	3,274,600	0.44%		4,700,000	0.26%	
Total	\$ 72,297,300.00	11.34%		\$ 106,192,800	11.38%	

Source: Municipal Tax Assessor

**SEASIDE HEIGHTS 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 OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2020	\$ 3,025,000	\$ 3,025,000.00	100.00%	\$ -
2019	2,945,000	2,945,000.00	100.00%	-
2018	2,748,368	2,748,368.00	100.00%	-
2017	2,748,368	2,748,368.00	100.00%	-
2016	2,737,431	2,737,431.00	100.00%	-
2015	2,430,356	2,430,356.00	100.00%	-
2014	2,027,387	2,027,387.00	100.00%	-
2013	2,806,161	2,806,161.00	100.00%	-
2012	2,671,282	2,671,282.00	100.00%	-
2011	2,622,339	2,622,339.00	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)
a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Debt Capacity Information

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

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**SEASIDE HEIGHTS SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2020	\$ -	\$ 16,990	\$ 16,990	N/A	N/A
2019	-	23,125	23,125	N/A	N/A
2018	-	28,701	28,701	N/A	N/A
2017	-	112,868	112,868	N/A	N/A
2016	-	208,869	208,869	N/A	N/A
2015	-	309,869	309,869	N/A	N/A
2014	-	409,599	409,599	N/A	N/A
2013	3,296	504,000	507,296	N/A	N/A
2012	260,654	N/A	N/A	N/A	N/A
2011	386,196	N/A	N/A	N/A	N/A

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
See Exhibit J-14 for personal income and population data.

**SEASIDE HEIGHTS SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	ESTIMATED SCHOOL DISTRICT POPULATION	NET ASSESSED VALUATION TAXABLE	NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2020	-	\$ 548,925,900	\$ 16,990	0.00%	N/A
2019	-	641,728,000	23,125	0.00%	N/A
2018	-	552,541,700	28,701	0.01%	N/A
2017	-	549,115,400	112,868	0.02%	N/A
2016	-	563,764,200	208,869	0.04%	N/A
2015	-	578,112,800	309,869	0.05%	N/A
2014	-	563,095,900	409,599	0.07%	N/A
2013	131,975	557,341,600	507,296	0.09%	N/A
2012	260,654	763,339,700	-	0.00%	N/A
2011	386,196	855,544,996	-	0.00%	N/A

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
See Exhibit J-6 for property tax data.
Population data can be found in Exhibit J-14.

**SEASIDE HEIGHTS SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
YEAR ENDED JUNE 30, 2020**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Seaside Heights	\$ 15,098,483.00	100.00%	\$ 15,098,483
Other Debt:			
Central Regional School District	653,000.00	8.04%	52,501
Ocean County General Obligation Debt	450,942,968.00	0.66%	<u>2,976,224</u>
Subtotal, Overlapping Debt			18,127,208
Seaside Heights School District Direct Debt			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$ 18,127,208</u></u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the School District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Seaside Heights. This process recognizes that, when considering the School District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the School District's boundaries and dividing it by each unit's total taxable value.

SEASIDE HEIGHTS SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Dollars in Thousands)

	FISCAL YEAR ENDED JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 16,637,007.23	\$ 16,202,422.78	\$ 16,202,422.78	\$ 22,575,426.00	N/A	N/A	N/A	N/A	N/A	N/A
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 16,637,007.23	\$ 16,202,422.78	\$ 16,202,422.78	\$ 22,575,426.00	N/A	N/A	N/A	N/A	N/A	N/A
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

Legal Debt Margin Calculation

	2019	2018	2017
Average Equalized Valuation of Taxable Property	\$ 682,783,835.00	\$ 665,904,856.00	\$ 647,752,177.00
Debt Limit (4% of Average Equalization Value)	\$ 27,311,753.40	\$ 26,636,194.24	\$ 25,910,088.88
Legal Debt Margin	\$ 16,637,007.00	\$ 16,637,007.00	\$ 16,637,007.00

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

Demographic and Economic Information

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

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**SEASIDE HEIGHTS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

FOR THE YEAR ENDED JUNE 30,	POPULATION (a)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2020	N/A	N/A	N/A
2019	2,910	52,008	7.20%
2018	2,903	50,184	6.60%
2017	2,898	47,413	8.00%
2016	2,892	46,385	7.80%
2015	2,893	44,354	7.80%
2014	2,885	42,954	9.40%
2013	2,877	42,596	17.20%
2012	2,885	41,467	14.30%
2011	2,887	39,791	14.00%

Source: U.S. Department of Commerce, Bureau of Economic Analysis. These numbers are estimated by the Bureau and may be revised from year to year.

a Population information provided by the NJ Dept of Labor and Workforce Development.

These numbers are estimated by the Department and may be revised from year to year.

c. Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d. Unemployment data provided by the NJ Dept of Labor and Workforce Development. Note that that there is recent revised data for the years 2004 through 2001 due to the new unemployment estimation procedure.

SEASIDE HEIGHTS SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>2020</u>	
<u>EMPLOYEES</u>	<u>RANK</u>
<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>	

DATA NOT AVAILABLE

Total	<u>-</u>	<u>0.00%</u>
Total Employment - (Estimated)	<u>-</u>	

Operating Information

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

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

Function/Program	FISCAL YEAR ENDED JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction:										
Regular	16	16	15	17	17	19	19	18	17	16
Special Education	12	12	12	12	12	4	4	4	7	11
Other Special Education	1	1	1			4	5	5	1	2
General & Business Administrative Services	1	1	1	1	1	1	1	1	2	4
Plant Operations & Maintenance	3	3	3	3	3	3	4	4	3	3
Total	45	45	43	42	42	40	42	41	41	41

Source: District Personnel Records

SEASIDE HEIGHTS SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE)(c)	AVERAGE DAILY ATTENDANCE (ADA)(c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						TEACHER	ELEMENTARY				
2020	203	\$ 4,189,095	\$ 20,636	-18.07%	28	7.3	7.3	208.92	187.49	2.66%	89.74%
2019	203	5,112,838	25,186	4.60%	28	7.3	7.3	203.50	189.30	-10.33%	93.02%
2018	212	5,104,758	24,079	0.51%	27	7.9	7.9	226.95	204.40	6.40%	90.06%
2017	199	4,767,722	23,958	4.78%	24	8.3	8.3	213.30	196.70	-0.19%	92.22%
2016	198	4,527,353	22,865	7.80%	24	8.3	8.3	213.70	196.70	-5.69%	92.04%
2015	211	4,475,223	21,210	-14.27%	24	8.8	8.8	226.60	205.90	11.08%	90.86%
2014	207	5,121,156	24,740	18.36%	24	8.6	8.6	204.00	184.00	23.64%	90.20%
2013	232	4,849,335	20,902	18.90%	24	9.7	9.7	165.00	147.00	-26.67%	89.09%
2012	232	4,078,654	17,580	-2.06%	29	8.0	8.0	225.00	204.00	0.45%	90.67%
2011	222	3,984,931	17,950	6.95%	29	7.7	7.7	224.00	204.00	-81.22%	91.07%

Sources: District records

Note: Enrollment based on annual October district count from the year prior.

a Operating expenditures equal total expenditures less debt service, capital outlay, and on-behalf TPAF Pension and reimbursed TPAF social security contributions. J-4

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

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

SEASIDE HEIGHTS SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	FISCAL YEAR ENDED JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary Schools:										
Hugh J Boyd Jr. Elementary (1967):										
Square Feet	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040
Capacity (Students)	313	313	313	313	313	313	313	313	313	313
Enrollment	203	203	212	199	198	211	207	232	232	233

Number of Schools at June 30, 2020:
Elementary = 1
Middle School = 0
Senior High School = 0
Other = 0

Source: District Facilities Office, District Records

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

SEASIDE HEIGHTS SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS

SCHOOL FACILITIES	PROJECT # (s)	FISCAL YEAR ENDED JUNE 30,									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary Schools: Hugh J. Boyd, Jr.	N/A	\$ 82,045	\$ 113,499	\$ 82,970	\$ 67,358	\$ 95,679	\$ 84,118	\$ 977,095	\$ 1,013,562	\$ 44,459	\$ 30,392
Grand Total		\$ 82,045	\$ 113,499	\$ 82,970	\$ 67,358	\$ 95,679	\$ 84,118	\$ 977,095	\$ 1,013,562	\$ 44,459	\$ 30,392

**SEASIDE HEIGHTS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020**

	COVERAGE	DEDUCTIBLE
SCHOOL PACKAGE POLICY (1):		
General Liability	\$ 6,000,000	\$ 1,000
Property & Physical Damage	11,317,716	1,000
General Automobile Liability	6,000,000	1,000
Worker's Compensation	2,000,000	Per State Law
SCHOOL ACCIDENT INSURANCE (2):	None	None
SURETY BONDS:		
Treasurer (1)	155,000.00	Per State Law
School Business Administrator (1)	155,000.00	Per State Law

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

Source: District Records

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SINGLE AUDIT SECTION

Fourth Section

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Seaside Heights School District (the School District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 11, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Toms River, New Jersey
January 11, 2021



Certified Public Accountants + Advisors

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EXHIBIT K-2

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

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

Report on Compliance for Each Major State Program

We have audited the Seaside Heights School District's (the School District) compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2020. The School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major State Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Toms River, New Jersey
January 11, 2021

SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	UNEARNED REVENUE	BALANCE, JUNE 30, 2020	
											UNEARNEED (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
U.S. Department of Agriculture												
Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
School Breakfast Program	10.553	191NJ304N1099	100-010-3350-028	\$ 32,242	7/1/18-6/30/19	\$ (2,446)	2,446	\$ -	\$ -	\$ -	\$ -	\$ -
COVID-19 School Breakfast Program	10.553	201NJ304N1099	100-010-3350-028	19,039	7/1/19-6/30/20	-	-	(19,039)	-	-	(19,039)	-
School Breakfast Program	10.553	201NJ304N1099	100-010-3350-028	46,844	7/1/19-6/30/20	-	46,844	(46,844)	-	-	-	-
						(2,446)	49,290	(65,883)	-	-	(19,039)	-
National School Lunch Program	10.555	191NJ304N1099	100-010-3350-026	89,873	7/1/18-6/30/19	(7,083)	7,083	-	-	-	-	-
COVID-19 National School Lunch Program	10.555	201NJ304N1099	100-010-3350-026	29,683	7/1/19-6/30/20	-	-	(29,683)	-	-	(29,683)	-
National School Lunch Program	10.555	201NJ304N1099	100-010-3350-026	91,266	7/1/19-6/30/20	-	91,265	(91,265)	-	-	-	-
National Performance Based Lunch	10.555	191NJ304N1099	100-010-3350-026	1,619	7/1/18-6/30/19	(128)	128	-	-	-	-	-
COVID-19 National Performance Based Lunch	10.555	201NJ304N1099	100-010-3350-026	606	7/1/19-6/30/20	-	-	(606)	-	-	(606)	-
National Performance Based Lunch	10.555	201NJ304N1099	100-010-3350-026	1,862	7/1/19-6/30/20	-	1,862	(1,862)	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	191NJ304N1099	Unavailable	15,313	7/1/18-6/30/19	(3,826)	15,313	(15,313)	-	-	-	-
Fresh Fruit & Vegetable Program	10.582	191NJ304N1099	100-010-3350-006	12,879	7/1/18-6/30/19	-	3,826	-	-	-	-	-
Fresh Fruit & Vegetable Program	10.582	201NJ304N1099	100-010-3350-006	18,450	7/1/19-6/30/20	-	13,350	(18,450)	-	-	(5,100)	-
						(11,037)	132,827	(157,179)	-	-	(35,389)	-
Total Child Nutrition Cluster						(13,483)	182,117	(223,062)	-	-	(54,428)	-
Total U.S. Department of Agriculture						(13,483)	182,117	(223,062)	-	-	(54,428)	-
U.S. Department of Education												
Passed Through New Jersey Department of Education:												
No Child Left Behind (N.C.L.B.):												
Title I - Part A	84.010	S010A160030	100-034-5064-194	195,370	7/1/19-6/30/20	-	195,370	(195,370)	-	-	-	-
Title I, SIA	84.010	S010A140030	100-034-5064-194	37,044	7/1/18-6/30/19	-	37,044	(37,044)	-	-	-	-
Title I, SIA	84.010	S010A130030	100-034-5064-194	27,700	7/1/19-6/30/20	-	12,988	(22,801)	-	-	(9,813)	-
						-	245,402	(255,215)	-	-	(9,813)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A150029	100-034-5063-290	15,784	7/1/19-6/30/20	-	15,784	(15,784)	-	-	-	-
						-	15,784	(15,784)	-	-	-	-
Title III - English Language Acquisition	84.365	S365A170030	100-034-5064-187	8,218	7/1/18-6/30/19	(2,554)	2,554	-	-	-	-	-
Title III - English Language Acquisition	84.365	S365A160030	100-034-5064-187	8,746	7/1/19-6/30/20	-	10,505	(10,505)	-	-	-	-
						(2,554)	13,059	(10,505)	-	-	-	-
Special Education Cluster:						-	-	-	-	-	-	-
I.D.E.A. Part B	84.027	H027A150100	100-034-5065-016	81,129	7/1/19-6/30/20	-	81,129	(81,129)	-	-	-	-
						-	81,129	(81,129)	-	-	-	-
I.D.E.A. Preschool	84.173	H173A170114	100-034-5065-020	2,273	7/1/18-6/30/19	(2,50)	250	-	-	-	-	-
I.D.E.A. Preschool	84.173	H173A150114	100-034-5065-020	33,361	7/1/19-6/30/20	-	3,362	(3,362)	-	-	-	-
						(2,50)	3,612	(3,362)	-	-	-	-
Total Special Education Cluster						(2,50)	84,741	(84,491)	-	-	-	-
Total U.S. Department of Education						(2,804)	358,986	(365,995)	-	-	(9,813)	-
Total Expenditures of Federal Awards						(16,287)	541,103	(589,057)	-	-	(64,241)	-

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

SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	UNEARNED REVENUE	BALANCE, JUNE 30, 2020		MEMO	
									RECEIVABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey Department of Education:												
General Fund:												
State Aid Public:												
Special Education Categorical Aid	495-034-5120-089	\$ 184,630	7/1/19-6/30/20	\$ -	\$ 184,630	\$ (184,630)	\$ -	\$ -	\$ -	\$ -	\$ 17,316	\$ 184,630
Security Aid	495-034-5120-084	92,138	7/1/19-6/30/20	-	92,138	(92,138)	-	-	-	-	8,641	92,138
Adjustment Aid	495-034-5120-085	364,843	7/1/19-6/30/20	-	364,843	(364,843)	-	-	-	-	34,217	364,843
Equalization Aid	495-034-5120-078	290,304	7/1/19-6/30/20	-	290,304	(290,304)	-	-	-	-	27,227	290,304
Choice Aid	495-034-5120-068	124,647	7/1/19-6/30/20	-	124,647	(124,647)	-	-	-	-	11,690	124,647
Total State Aid Public				-	1,056,562	(1,056,562)	-	-	-	-	99,091	1,056,562
Transportation Aid	495-034-5120-014	11,203	7/1/19-6/30/20	-	11,203	(11,203)	-	-	-	-	1,051	11,203
Reimbursed TPAF Social Security Contributions	495-034-5094-003	142,310	7/1/19-6/30/20	-	135,318	(142,310)	-	(6,992)	-	-	-	142,310
TPAF - Post Retirement												
Medical (Noncash Assistance)	495-034-5094-001	139,765	7/1/19-6/30/20	-	139,765	(139,765)	-	-	-	-	-	139,765
TPAF - Pension												
Contributions (Noncash Assistance)	495-034-5094-002	376,745	7/1/19-6/30/20	-	376,745	(376,745)	-	-	-	-	-	376,745
TPAF - Long-Term Disability												
Insurance (Noncash Assistance)	495-034-5094-004	314	7/1/19-6/30/20	-	314	(314)	-	-	-	-	-	314
Total General Fund				-	1,719,907	(1,726,899)	-	(6,992)	-	-	100,142	1,726,899
Special Revenue Fund:												
Preschool Education	495-034-5095-007		7/1/19-6/30/20	-	75,576	(75,576)	-	-	-	-	7,088	75,576
Total Special Revenue Fund				-	75,576	(75,576)	-	-	-	-	7,088	75,576
New Jersey Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program	100-010-3360-067	1,484	7/1/18-6/30/19	(117)	117	-	-	-	-	-	-	-
National School Lunch Program	100-010-3360-067	2,365	7/1/19-6/30/20	-	1,464	(2,365)	-	(901)	-	-	-	2,365
Total Enterprise Fund				(117)	1,581	(2,365)	-	(901)	-	-	-	2,365
Total State Financial Assistance				(117)	1,797,064	(1,804,840)	-	(7,893)	-	-	107,230	1,804,840
State Financial Assistance Programs not Subject to Calculation for Major Program Determination:												
TPAF - Post Retirement												
Medical (Noncash Assistance)	495-034-5094-001	\$ 139,765	7/1/18-6/30/19			\$ 139,765						
TPAF - Pension												
Contributions (Noncash Assistance)	495-034-5094-002	376,745	7/1/18-6/30/19			376,745						
TPAF - Long-Term Disability												
Insurance (Noncash Assistance)	495-034-5094-004	314	7/1/18-6/30/19			314						
Total State Financial Assistance Subject to Calculation for Major Program Determination						\$ (1,288,016)						

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

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

**SEASIDE HEIGHTS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$4,650) for the general fund and (\$2,829) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

Fund:	Federal	State	Total
General Fund	\$ -	\$ 1,731,549	\$ 1,731,549
Special Revenue Fund	365,995	78,405	444,400
Food Service Fund	223,063	2,365	225,428
Total Awards & Financial Assistance	<u>\$ 589,058</u>	<u>\$ 1,812,319</u>	<u>\$ 2,401,377</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The School District had no loan balances outstanding at June 30, 2020.

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

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

2) Significant deficiency(ies) identified? _____ Yes None reported

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

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

Identification of major programs:

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

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____ Yes No

SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

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

State Financial Assistance

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

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

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

2) Significant deficiency(ies) identified? Yes X None reported

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-068</u>	<u>State Aid Public:</u>
<u>495-034-5120-078</u>	<u>School Choice Aid</u>
<u>495-034-5120-089</u>	<u>Equalization Aid</u>
<u>495-034-5120-084</u>	<u>Special Education Aid</u>
<u>495-034-5120-085</u>	<u>Security Aid</u>
<u> </u>	<u>Adjustment Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section II - Financial Statement Findings

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

None.

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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

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

FEDERAL AWARDS

N/A - No Federal Single Audit

STATE FINANCIAL ASSISTANCE

None.

**SEASIDE HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2020**

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.