

SCHOOL DISTRICT  
OF  
**CITY OF MARGATE**

Margate City Board of Education  
Margate, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016



# **Comprehensive Annual Financial Report**

of the

Margate City Board of Education

Margate, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Margate City Board of Education

Finance Department



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## **Introductory Section**

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## Margate City School District

8103 WINCHESTER AVENUE  
MARGATE CITY, NEW JERSEY 08402  
PHONE: (609) 822-1686  
FAX: (609) 822-3399

November 4, 2016

Citizens, Honorable President and  
Members of the Board of Education  
City of Margate School District  
Atlantic County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the City of Margate School District (District) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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 Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical tables include selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance and NJ OMB 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 recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The City of Margate School District is a component unit of the City of Margate within the criteria set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The City of Margate Board of Education and all its schools constitute the District's reporting entity. The School District is a Type I District and, as such, meets the criteria to be considered a component unit of the City of Margate. However, the City reports on a regulatory basis of accounting which does not recognize component units.

The District provides a full range of educational services appropriate to grade levels PreK through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 400 students, which is 26 students lower than the previous year's ending enrollment. The following details the changes in the average daily enrollment of the District over the last five years.

<b>Fiscal</b>	<b>Average Daily</b>	<b>Percent</b>
<b><u>Year</u></b>	<b><u>Enrollment</u></b>	<b><u>Change</u></b>
2015-2016	400	(5.88%)
2014-2015	425	(6.80%)
2013-2014	456	(3.59%)
2012-2013	473	(3.47%)
2011-2012	490	(4.30%)

**2) ECONOMIC CONDITION AND OUTLOOK:** The Cities of Margate and Longport are New Jersey seashore communities whose children, in grades PreK through eight, constitute the student population of the City of Margate School District. The City of Margate is located approximately two miles south of Atlantic City, and approximately 50 miles east of Philadelphia. The City of Margate, which measures approximately a mile and three-quarters in length by three quarters of a mile in width, is located on Absecon Island and has a year-round population of about 6,400 middle to upper middle-class residents. More specifically, the City of Margate is bounded on the northeast by Ventnor City, on the southwest by the Borough of Longport, on the southeast by the Atlantic Ocean, and on the northwest by the center line of the main channel in Beach Thorofare. The major employer in this area is the casino industry.

The City of Margate is governed by a three-person Board of Commissioners, elected at large every four years. They govern a city that is almost entirely residential, whose year-round population of 6,400 swells to approximately 45,000 during the summer months. The year-round residents have established six houses of worship that rather accurately reflect the ethnic/religious composition of the community. Of the six houses of worship, three are Jewish, two are Protestant, and one is Catholic.

The Public School System of City of Margate is composed of PreK-8 grade children, who reside in the City of Margate and the Borough of Longport. As of October 14, 2016 there was a total of 365 pupils enrolled in the school district. Upon completion of eighth grade, the students attend nearby Atlantic City High School, which currently enrolls approximately 84 Margate pupils in grades 9 through 12. This is a sending-receiving relationship between the school districts in which Margate is responsible for paying student tuition and providing student transportation. As of October 14, 2016, Margate pupils were enrolled in other public schools as follows: 3 students at the CharterTech High School, 11 students at the Atlantic County Institute of Technology (ACIT), 4 students at Mainland Regional High School, and 41 students at the Ocean City High School. There are approximately 43 Margate students attending various non-public schools grades K-12.

The overall responsibility for the education of the PreK-8 children lies with the district's board of education composed of seven members, appointed by the Mayor for a term of three years. The district's budget is approved annually by a Board of School Estimates which works closely with both City and school officials. For the 2016-17 school year, the District will operate on a budget of \$12,663,857 for current expenses.

The basic responsibility for the operation of the schools lies with the Superintendent of Schools. He is assisted by two directors/building principals, a supervisor of curriculum, a school business administrator, and a staff of 87 full time and 14 part time personnel during the 2015-16 school year.

During the 2015-16 school year City of Margate District pupils were housed in two separate facilities: the Eugene A. Tighe Middle School constructed in 1956, and the William H. Ross III Intermediate School constructed in 2000. The William H. Ross III site houses the district administrative offices and grades PreK-4 and the Eugene A. Tighe School houses grades 5-8. Each building is serviced by special area teachers for performing arts, health, art, physical education, computer/technology, and a media center. In addition, a Child Study Team is available for children with special needs. The team consists of a school psychologist, a social worker, and two part time speech therapists. Learning Disabilities services are also provided by the Atlantic County Special Services School District.

Longport, the only sending district for the City of Margate School, is the smallest municipality in Atlantic County, about four-tenths of a square mile. Longport is bounded on the northeast by City of Margate, on the southwest by Great Egg Inlet/Ocean City, on the southeast by the Atlantic Ocean, on the northwest by Risley's Channel and the Inlet.

The City of Margate Board of Education provides its student population with an extensive range of educational services that include but are not limited to the following:

1. Pre-school program for disabled 3 and 4 year old students.
2. Full day kindergarten program for all children.
3. World language instruction for all children.
4. Computer assisted instruction and assessments for all children.
5. Title 1 services for mathematics and reading in grades K-8.
6. Social services that include the LEAD program, counseling, and an after-school care program for grades K-4.
7. Computer assisted research services in the Media Centers.
8. Differentiated instruction that is part of the curriculum for all students.
9. A full range of Child Study Team services.
10. Visual and performing arts program for all students
- 11.STEM education for students K-8.

The Margate Board of Education, administration, faculty, and support staff are dedicated to provide each child with a challenging and rewarding educational program that will meet each individual's needs.

**3) MAJOR INITIATIVES:** The district is continuing several major initiatives for the 2016-17 school year. These initiatives include:

1. Monitoring the data results from benchmark assessment for 6 disciplines
2. Continued professional development training in NJ Student Learning Standards including STEM, Data Analysis, and PARCC.
3. Continued curriculum development efforts
4. Continued implementation of teacher and principal evaluation systems.
5. Continued use of differentiated and enrichment learning programs

The district continues to maximize instructional time for students with the extended learning blocks in literacy, mathematics and enrichment. In-class support and co-teaching provide differentiated learning opportunities for all students to ensure academic rigor in all classrooms. Professional Development for teachers was also provided through in-district workshops and Professional Learning Communities (PLC) meetings.

The district's STEM (Science Technology, Engineering & Mathematics) initiative provides students the opportunity to participate in an inquiry-based, exploratory learning collaborative project.

The district continues to infuse technology into our instructional program with the continuous implementation of On-Course electronic lesson planning linked to the NJ Student Learning Standards and an improved student information system with electronic grade reporting, web pages and attendance procedures. The media centers are networked with the Margate Public Library, which in turn can network with local colleges and other libraries to allow the students of our district a wide range of options for gathering research data. The district has had full wireless internet access with multiple mobile labs.

For the 2016-17 school year the district will focus on continuing to update curriculum to meet NJ Student Learning Standards.

**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 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 board of school estimates of the municipality. Annual appropriated budgets are adopted for the general and special revenue funds. 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

**7) DEBT ADMINISTRATION:** At June 30, 2016, the District had no outstanding debt issues. As a Type I School District, all school debt is borne by the City rather than the School District.

**8) 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 that indicates the GUDPA approved depository banks, any brokers/dealers, and the approved investment instruments selected by the Board of Education. GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. School Districts are permitted to invest public funds in bonds or other obligations of the United States, bonds or other obligations of the local unit, government money market mutual funds, New Jersey State Cash Management Fund, and repurchase agreements.

**9) 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.

**10) OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford Scott & Associates, LLC, CPAs 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 the Uniform Guidance and NJ OMB 15-08. The auditor's report on the general-purpose 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.

**11) ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the City of Margate Board 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,

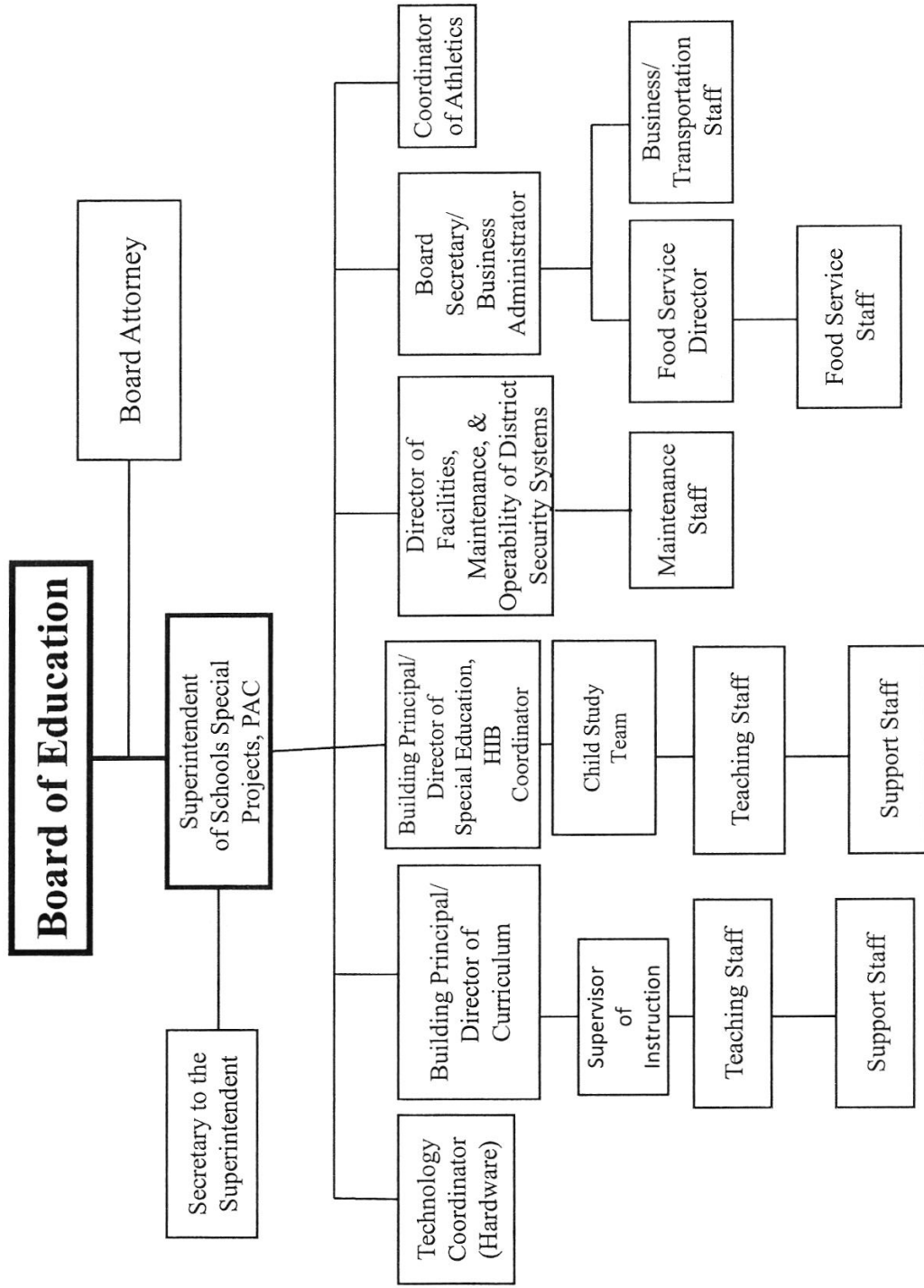
*John DiNicola*

John DiNicola  
Superintendent

*Susan E. Palaia*

Susan E. Palaia, CPA  
Board Secretary/Business Administrator

# City of Margate Board of Education Organization Chart





**CITY OF MARGATE BOARD OF EDUCATION**

**MARGATE, NEW JERSEY**

**ROSTER OF OFFICIALS**

June 30, 2016

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Jim Olivo, President (effective May 19, 2016)	2018
Jacob B. Sless, Esq., President (through May 18, 2016)	
Catherine Horn, Vice President	2017
Tracy Santoro	2017
Lisa Youngblood, Esq.	2018
Joanne Kulzer	2019
Joel Frankel	2019
Jim Swift (effective June 13, 2016; unexpired term of Jacob B. Sless, Esq.)	2018
Carl Tripician, Esq., representing Borough of Longport Board of Education	
<b><u>Other Officials</u></b>	
John DiNicola, Superintendent	
Susan E. Palaia, CPA, Board Secretary/School Business Administrator	
Robert A. Muccilli, Esq., Solicitor	

**CITY OF MARGATE BOARD OF EDUCATION  
Consultants and Advisors**

**Audit Firm**

Ford Scott & Associates, LLC, CPAs  
1535 Haven Avenue  
PO Box 538  
Ocean City, NJ 08226

**Attorney**

Robert A. Muccilli, Esq.  
Capehart & Scatchard, PA  
Laurel Corporate Center  
8000 Midlantic Drive, Suite 300 South  
Mount Laurel, NJ 08054

**Architect of Record**

John Veisz, AIA, CSBA  
FVHD Architects Planners  
1515 Lower Ferry Road  
Trenton, NJ 08628

**Official Depository**

Ocean City Home Bank  
1777 New Road  
Linwood, New Jersey 08221

Cape Savings Bank  
225 N. Main Street  
Cape May Court House, New Jersey 08210

## **Financial Section**

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## **Independent Auditor's Report**

Honorable President and  
Members of the Board of Education  
City of Margate School District  
County of Atlantic, New Jersey

### **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 City of Margate School District, Margate, New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Margate School District, Margate, New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Margate School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 on our consideration of the City of Margate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Margate School District's internal control over financial reporting and compliance.

Very truly yours,

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

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**November 4, 2016**

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**Required Supplemental Information**  
**Part I**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Margate City School District's ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

### FINANCIAL HIGHLIGHTS

- The net position of the District increased \$921,118.75 as a result of an overall increase in operating grants and contributions.
- The State of New Jersey reimbursed the District \$357,163.30 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. Also, the State of New Jersey paid \$803,750 on behalf of the District for TPAF Pension Contributions. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- As required by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2016 the District had \$1,219,199.07 in excess surplus, of which \$599,644.00 has been appropriated and included as anticipated revenue in the 2017 fiscal year budget. This is compared to the prior year excess surplus of \$1,246,052, of which \$646,388 was budgeted in the 2016 fiscal year.
- During the fiscal year ended June 30, 2016, the District's revenues were \$98,496.20 higher than total expenditures. This increase can be attributed to an increase in state sources of revenues. During the prior fiscal year, revenue was lower than total expenditures by \$151,694.
- In the District's business-type activities, net position increased \$15,274.43 during the 2016 fiscal year compared to a \$6,085.00 increase in fiscal year 2015. Although overall participation increased, the District experienced an increase in operating expenses, primarily in the food service area.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements for special revenue, capital projects, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the food service and community service programs.
  - *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The following table shows how the required parts of this annual report are arranged and relate to one another.

The following table also summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Margate City School District's  
Government-wide and Fund Financial Statements**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service, Performing Arts and Latchkey	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net position	Balance sheet  Statement of revenues, expenditures, and changes in net position	Statement of net position  Statement of revenues, expenses, and changes in net position  Statement of cash flows	Statement of fiduciary net position  Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short- term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short- term and long- term.	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

## Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's food service, performing arts, and latchkey are included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for its employees' unemployment compensation plan. It is also responsible for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net position.** The District's governmental activities net position decreased between fiscal years 2016 and 2015 as a result of an overall increase in spending and construction in progress. The business-type activities net position increased slightly due to the performing arts program. The financial condition of the District, excluding depreciation expense, improved during the 2016 fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other	\$ 2,423,778.75	2,212,281.00	79,263.50	18,490.00	2,503,042.25	2,230,771.00
Capital assets	16,690,075.74	15,575,378.00	42,811.85	82,654.00	16,732,887.59	15,658,032.00
<b>Total assets</b>	<b>19,113,854.49</b>	<b>17,787,659.00</b>	<b>122,075.35</b>	<b>101,144.00</b>	<b>19,235,929.84</b>	<b>17,888,803.00</b>
Long-term liabilities	3,954,292.76	3,335,813.00	-	-	3,954,292.76	3,335,813.00
Other liabilities	106,799.98	320,203.00	15,076.91	9,420.00	121,876.89	329,623.00
<b>Total liabilities</b>	<b>4,061,092.74</b>	<b>3,656,016.00</b>	<b>15,076.91</b>	<b>9,420.00</b>	<b>4,076,169.65</b>	<b>3,665,436.00</b>
Net position						
Invested in Capital	16,690,075.74	15,575,378.00	42,811.85	82,654.00	16,732,887.59	15,658,032.00
Restricted	1,558,415.77	1,574,907.00			1,558,415.77	1,574,907.00
Unrestricted	(3,195,729.76)	(3,018,642.00)	64,186.59	9,070.00	(3,131,543.17)	(3,009,572.00)
<b>Total net position</b>	<b>\$ 15,052,761.75</b>	<b>14,131,643.00</b>	<b>106,998.44</b>	<b>91,724.00</b>	<b>15,159,760.19</b>	<b>14,223,367.00</b>

As required by New Jersey Statutes, the unrestricted net position of the District is not permitted to exceed 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security and assets acquired under capital leases. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2016, the District did have \$1,219,199.07 in excess fund balance, of which \$599,644 has been appropriated and included as anticipated revenue in the 2017 fiscal year budget.

**Changes in net position.** The total revenue of the District increased \$2,147,801.23 due to an increase in state grants.

Approximately 11% of the District's revenue comes from the State of New Jersey in the form of unrestricted state aid. The City of Margate levies property taxes on properties located in the City. This tax is remitted to the District on a monthly basis. The District expenses are primarily related to instruction, administration, and plant operations.

	2016		2015	
	2016 Amount	Percentage	2015 Amount	Percentage
Property taxes	\$ 10,511,408.00	62.13%	10,511,408.00	69.64%
Unrestricted Federal and State aid	1,861,335.30	11.00%	666,748.00	4.42%
Tuition	841,256.00	4.97%	894,536.00	5.93%
Miscellaneous	166,189.80	0.98%	322,592.00	2.14%
Operating grants and contributions	3,539,580.13	20.92%	2,699,276.00	17.88%
<b>Totals</b>	<b>\$ 16,919,769.23</b>	<b>100.00%</b>	<b>15,094,560.00</b>	<b>100.00%</b>

## Governmental & Business-Type Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2016 and 2015 fiscal years.

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenue						
Charges for services	\$ 841,256.00	894,536.00	138,268.89	133,296.00	979,524.89	1,027,832.00
Federal and state grants	3,539,580.13	2,699,276.00	17,331.11	17,195.00	3,556,911.24	2,716,471.00
General revenues						
Property taxes	10,511,408.00	10,511,408.00			10,511,408.00	10,511,408.00
State aid entitlements	1,861,335.30	666,748.00			1,861,335.30	666,748.00
Miscellaneous	166,189.80	365,767.00	31.58	37.00	166,221.38	365,804.00
<b>Total revenues</b>	<b>16,919,769.23</b>	<b>15,137,735.00</b>	<b>155,631.58</b>	<b>150,528.00</b>	<b>17,075,400.81</b>	<b>15,288,263.00</b>
<b>Expenses</b>						
Instruction:						
Regular	5,771,312.82	6,045,193.00			5,771,312.82	6,045,193.00
Special Education	1,382,030.41	1,189,029.00			1,382,030.41	1,189,029.00
Other special instruction	512,939.21	395,849.00			512,939.21	395,849.00
Other Instruction	94,965.54	80,538.00			94,965.54	80,538.00
Support services:						
Tuition	1,942,699.98	2,256,159.00			1,942,699.98	2,256,159.00
Student & instruction	3,243,251.92	2,217,077.00			3,243,251.92	2,217,077.00
School admin services	266,780.42	231,879.00			266,780.42	231,879.00
General admin services	637,939.19	765,281.00			637,939.19	765,281.00
Plant operations/maint	1,543,791.64	1,516,129.00			1,543,791.64	1,516,129.00
Pupil transportation	416,894.92	474,663.00			416,894.92	474,663.00
Admin info tech	18,366.00	23,520.00			18,366.00	23,520.00
Capital outlay	63,240.00	50,957.00			63,240.00	50,957.00
Business-type activities			214,806.34	220,583.00	214,806.34	220,583.00
<b>Total expenses</b>	<b>15,894,212.05</b>	<b>15,246,274.00</b>	<b>214,806.34</b>	<b>220,583.00</b>	<b>16,109,018.39</b>	<b>15,466,857.00</b>
Excess (Deficiency) before						
Special items	1,025,557.18	(108,539.00)	(59,175)	(70,055)	966,382	(178,594)
Special items	(53,686.00)	32,965.00	23,696.76		(29,989.24)	32,965.00
Transfers	(50,752.43)	(76,140.00)	50,752.43	76,140.00	-	-
<b>Change in net position</b>	<b>\$ 921,118.75</b>	<b>(151,714.00)</b>	<b>15,274.43</b>	<b>6,085.00</b>	<b>936,393.18</b>	<b>(145,629.00)</b>
<b>Net position – beginning</b>	<b>14,131,643</b>	<b>14,283,357</b>	<b>91,724</b>	<b>85,639</b>	<b>14,223,367</b>	<b>14,368,996</b>
<b>Net position – ending</b>	<b>15,052,762</b>	<b>14,131,643</b>	<b>106,998</b>	<b>91,724</b>	<b>15,159,760</b>	<b>14,223,367</b>

## **Business-type Activities**

Revenues of the District's business-type activities increased when compared to the prior year due to more meals being served. Expenses decreased slightly due to a decrease in overall salaries, as a decrease in the cost of supplies.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As of the year end, the governmental funds reported a combined fund balance of \$1,860,372.77 which is \$5,942.23 lower than the beginning of the year. In addition to the analysis discussed at Financial Highlights and Financial Analysis of the District as a Whole, this decrease is also due to the cancellation of prior year interfunds. Also, the District continues to monitor spending on an ongoing basis to ensure actual expenditures stay within the budget.

The District did not enter into any debt obligations during the fiscal year however they were awarded funding through the State of New Jersey ROD grant program in 2014. The City has authorized debt to fund the costs of these projects until the grant funds are received.

## **General Fund Budgetary Highlights**

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type I School District, are approved by the Board of School Estimate. Transfers of appropriations may be made by Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the board and under certain circumstances require approval by the Executive County Superintendent of Schools. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30<sup>th</sup> carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, which are not budgeted, the District's actual revenue was over the budget by \$222,255.80. This is a result of realizing additional revenue allocated by the State of New Jersey for Special Education Extraordinary Aid, Nonpublic School Transportation Costs, and miscellaneous revenue. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual expenditures were below the budgeted appropriations by \$796,587.07. This is the result of good controls over spending throughout the year. Audit exhibit C-1 does not include current year depreciation expense.

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## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

During the 2016 fiscal year, the District did not invest in any significant capital assets or projects. The decrease is mainly due to the acquisition of various items of equipment offset by depreciation on the various property and equipment owned by the District.

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1,444,429.00	1,444,429.00		-	1,444,429.00	1,444,429.00
Construction in progress	-	438,772.00			-	438,772.00
Buildings and Improvements	14,786,687.39	13,156,343.00			14,786,687.39	13,156,343.00
Equipment	458,959.35	535,834.00	42,811.85	82,653.99	501,771.20	618,487.99
<b>Total</b>	<b>\$ 16,690,075.74</b>	<b>15,575,378.00</b>	<b>42,811.85</b>	<b>82,653.99</b>	<b>16,732,887.59</b>	<b>15,658,031.99</b>

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

### Long-term Debt

New Jersey State Statutes governing Type I School Districts require the bonded debt be assumed by the City and provision for amortization of principal and interest on the outstanding debt is included in the City budget.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 8103 Winchester Avenue, Margate City, New Jersey 08402.

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**BASIC FINANCIAL STATEMENTS**

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**DISTRICT - WIDE FINANCIAL STATEMENTS**

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**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,449,942.80	74,153.89	1,524,096.69
Other accounts receivable	131,334.00		131,334.00
Receivables from other governments	317,125.21		317,125.21
Interfund receivables	67,189.58	-	67,189.58
Other current assets	1,581.16	4,087.68	5,668.84
Inventory		1,021.93	1,021.93
Capital assets not being depreciated			
Land	1,444,429.00		1,444,429.00
Depreciable assets, net of accumulated depreciation	15,245,646.74	42,811.85	15,288,458.59
Total assets	<u>18,657,248.49</u>	<u>122,075.35</u>	<u>18,779,323.84</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	456,606.00		456,606.00
Total Deferred Outflows of Resources	<u>456,606.00</u>	<u>-</u>	<u>456,606.00</u>
<b>LIABILITIES</b>			
Accounts payable	31,423.65	3,527.91	34,951.56
Unearned revenue	75,376.33	11,549.00	86,925.33
Noncurrent liabilities:			
Due within one year	10,697.98		10,697.98
Due beyond one year	513,570.78	-	513,570.78
Net pension liability	3,360,913.00		3,360,913.00
Total liabilities	<u>3,991,981.74</u>	<u>15,076.91</u>	<u>4,007,058.65</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	69,111.00		69,111.00
Total Deferred Inflows of Resources	<u>69,111.00</u>	<u>-</u>	<u>69,111.00</u>
<b>NET POSITION</b>			
Net investment in capital assets	16,690,075.74	42,811.85	16,732,887.59
Restricted for:			
Other purposes	1,558,415.77		1,558,415.77
Unrestricted net position/(deficit)	(3,195,729.76)	64,186.59	(3,131,543.17)
Total net position	<u>\$ 15,052,761.75</u>	<u>106,998.44</u>	<u>15,159,760.19</u>

The accompanying notes are an integral part of these financial statements

**City of Margate School District  
(A Component Unit of the City of Margate)  
Statement of Activities  
For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
Instruction:								
Regular	\$ 4,718,453.59	1,052,859.23	841,256.00	924,618.45	(4,005,438.37)		(4,005,438.37)	
Special education	1,127,580.58	254,449.83		168,443.18	(1,213,587.23)		(1,213,587.23)	
Other special instruction	412,264.02	100,675.19		66,645.95	(446,293.26)		(446,293.26)	
Other instruction	94,965.54				(94,965.54)		(94,965.54)	
Support services:								
Tuition	1,942,699.98				(1,942,699.98)		(1,942,699.98)	
Student & instruction related services	2,278,732.72	964,519.20		675,453.23	(2,567,798.69)		(2,567,798.69)	
School administrative services	190,426.23	76,354.19			(266,780.42)		(266,780.42)	
General and business administrative services	527,434.97	110,504.22			(637,939.19)		(637,939.19)	
Administrative information Technology	18,366.00				(18,366.00)		(18,366.00)	
Plant operations and maintenance	1,188,328.73	355,462.91			(1,543,791.64)		(1,543,791.64)	
Pupil transportation	318,633.82	98,261.10			(416,894.92)		(416,894.92)	
Unallocated benefits	3,013,085.87	(3,013,085.87)						
Capital outlay	63,240.00			1,704,419.32	1,641,179.32		1,641,179.32	
Total governmental activities	15,894,212.05	-	841,256.00	3,539,580.13	(11,513,375.92)	-	(11,513,375.92)	
Business-type activities:								
Food Service	96,310.11		32,116.17	17,331.11	(46,862.83)		(46,862.83)	
Community Service Programs	118,496.23		106,152.72		(12,343.51)		(12,343.51)	
Total business-type activities	214,806.34	-	138,268.89	17,331.11	(59,206.34)		(59,206.34)	
Total government	16,109,018.39	-	979,524.89	3,556,911.24	(11,513,375.92)	(59,206.34)	(11,572,582.26)	
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net					10,511,408.00		10,511,408.00	
Federal and State aid not restricted					1,861,335.30		1,861,335.30	
Investment Earnings					2,467.00	31.58	2,498.58	
Miscellaneous Income					163,722.80		163,722.80	
Special item:								
Transfers					(50,752.43)	50,752.43	-	
Fixed Asset Adjustment					(29,989.24)		(29,989.24)	
Interfunds Cancelled					(53,686.00)		-	
Total general revenues and transfers					12,434,494.67	74,480.77	12,508,975.44	
Change in Net Position					921,118.75	15,274.43	936,393.18	
Net Position—beginning balance					14,131,643.00	91,724.01	14,223,367.01	
Net Position—ending balance					\$ 15,052,761.75	106,998.44	15,159,760.19	

The accompanying notes are an integral part of these financial statements



**FUND FINANCIAL STATEMENTS**

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**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,449,942.80			1,449,942.80
Other accounts receivable	131,334.00			131,334.00
Interfund accounts receivable	175,637.64			175,637.64
Receivables from other governments	193,686.30	8,589.20	114,849.71	317,125.21
Other current assets	1,580.00	1.16	-	1,581.16
Total assets	1,952,180.74	8,590.36	114,849.71	2,075,620.81
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	20,885.81	1,103.84	9,434.00	31,423.65
Other Current Liabilities			-	
Interfund accounts payable		3,032.35	105,415.71	108,448.06
Unearned revenue	70,922.16	4,454.17		75,376.33
Total liabilities	91,807.97	8,590.36	114,849.71	215,248.04
Fund Balances:				
Restricted for:				
Excess surplus	619,535.07			619,535.07
Excess surplus -- designated for Subsequent year's expenditures	599,664.00			599,664.00
Capital projects			-	-
Assigned to:				
Designated for subsequent year's expenditures:				
Unreserved fund balance	300,336.00			300,336.00
Encumbrances	38,880.70			38,880.70
Unreserved, reported in:				
General fund	301,957.00			301,957.00
Total Fund balances	1,860,372.77	-	-	1,860,372.77
Total liabilities and fund balances	1,952,180.74	8,590.36	114,849.71	
Amounts reported for <i>governmental activities</i> 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.				16,690,075.74
Pension Liabilities Net of Deferred Outflows & Inflows				(2,973,418.00)
Some liabilities, such as compensated absences and capital leases, are not due and payable in the current period and therefore are not reported in the funds.				
Capital Leases				(16,435.76)
Compensated Absences				(507,833.00)
Total net position of governmental activities				\$ 15,052,761.75

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local tax levy	\$ 10,511,408.00			10,511,408.00
Tuition charges	841,256.00			841,256.00
Miscellaneous	166,189.80			166,189.80
State sources	1,861,335.30		1,704,419.32	3,565,754.62
Federal sources		244,929.89		244,929.89
Local sources		19,657.92		19,657.92
Total revenues	<u>13,380,189.10</u>	<u>264,587.81</u>	<u>1,704,419.32</u>	<u>15,349,196.23</u>
<b>EXPENDITURES</b>				
Current:				
Regular instruction	3,500,639.29	227,636.42		3,728,275.71
Special education instruction	884,343.45			884,343.45
Other special instruction	316,025.22			316,025.22
Other instruction	94,965.54			94,965.54
Support services and undistributed costs:				
Tuition	1,892,798.47			1,892,798.47
Student & instruction related services	1,319,765.05	36,951.39		1,356,716.44
School administrative services	142,442.13			142,442.13
Other administrative services	457,989.59			457,989.59
Administration Information Technology	18,366.00			18,366.00
Plant operations and maintenance	1,187,824.19			1,187,824.19
Pupil transportation	285,765.76			285,765.76
Unallocated Benefits	3,013,085.87			3,013,085.87
Capital outlay	117,780.83		1,704,419.32	1,822,200.15
Transfer to Charter Schools	49,901.51			49,901.51
Total expenditures	<u>13,281,692.90</u>	<u>264,587.81</u>	<u>1,704,419.32</u>	<u>15,250,700.03</u>
(Deficiency) of revenues over expenditures	<u>98,496.20</u>	<u>-</u>	<u>-</u>	<u>98,496.20</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfunds cancelled	(53,686.00)			(53,686.00)
Transfers out	(50,752.43)			(50,752.43)
Total other financing sources and uses	<u>(104,438.43)</u>	<u>-</u>	<u>-</u>	<u>(104,438.43)</u>
Net change in fund balances	(5,942.23)	-	-	(5,942.23)
Fund balance—July 1	1,866,315.00	-	-	1,866,315.00
Fund balance—June 30	<u>\$ 1,860,372.77</u>	<u>-</u>	<u>-</u>	<u>1,860,372.77</u>

**City of Margate School District  
 (A Component Unit of the City of Margate)  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2016**

**Total net change in fund balances - governmental funds (from B-2)** \$ (5,942.23)

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	(761,397.24)	
	Capital outlays	<u>1,753,471.63</u>	992,074.39

District pension contributions - PERS

128,719.00

Cost of benefits earned net of employee contributions

(220,369.00)

(91,650.00)

Repayment of long term debt is 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.

16,285.59

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 (+).

10,351.00

**Change in net position of governmental activities:**

921,118.75

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Totals</b>
	<b>Food Service</b>	<b>Community Service Programs</b>	<b>Non-Major Funds</b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	22,525.74	51,628.15	74,153.89	74,153.89
Accounts receivable	1,127.32	2,960.36	4,087.68	4,087.68
Inventories	1,021.93		1,021.93	1,021.93
Total current assets	<u>24,674.99</u>	<u>54,588.51</u>	<u>79,263.50</u>	<u>79,263.50</u>
Noncurrent assets:				
Furniture, machinery & equipment	26,613.00	65,334.00	91,947.00	91,947.00
Less accumulated depreciation	<u>(26,613.00)</u>	<u>(22,522.15)</u>	<u>(49,135.15)</u>	<u>(49,135.15)</u>
Total noncurrent assets	<u>-</u>	<u>42,811.85</u>	<u>42,811.85</u>	<u>42,811.85</u>
Total assets	<u><u>24,674.99</u></u>	<u><u>97,400.36</u></u>	<u><u>122,075.35</u></u>	<u><u>122,075.35</u></u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	3,527.91	3,527.91	3,527.91
Unearned revenue		<u>11,549.00</u>	<u>11,549.00</u>	<u>11,549.00</u>
Total current liabilities	<u>-</u>	<u>15,076.91</u>	<u>15,076.91</u>	<u>15,076.91</u>
Total liabilities	<u>-</u>	<u>15,076.91</u>	<u>15,076.91</u>	<u>15,076.91</u>
<b>NET POSITION</b>				
Investment in capital assets	-	42,811.85	42,811.85	42,811.85
Unrestricted	<u>24,674.99</u>	<u>39,511.60</u>	<u>64,186.59</u>	<u>64,186.59</u>
Total net position	<u><u>24,674.99</u></u>	<u><u>82,323.45</u></u>	<u><u>106,998.44</u></u>	<u><u>106,998.44</u></u>

The accompanying notes are an integral part of these financial statements

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	<b>Business-type Activities - Enterprise Fund</b>			<b>Total</b>
	<b>Food Service</b>	<b>Community Service Programs</b>	<b>Non-Major Funds</b>	
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ 11,165.10		11,165.10	11,165.10
Daily sales - non-reimbursable programs	20,951.07		20,951.07	20,951.07
School Store		30.00	30.00	30.00
Community service activities		42,289.00	42,289.00	42,289.00
Latchkey		63,833.72	63,833.72	63,833.72
Total operating revenues	<u>32,116.17</u>	<u>106,152.72</u>	<u>138,268.89</u>	<u>138,268.89</u>
Operating expenses:				
Cost of sales	36,333.82		36,333.82	36,333.82
Salaries	50,752.43	80,446.29	131,198.72	131,198.72
Employee benefits		6,094.11	6,094.11	6,094.11
General supplies	7,460.50	19,746.93	27,207.43	27,207.43
Other objects	1,763.36	12,208.90	13,972.26	13,972.26
Total Operating Expenses	<u>96,310.11</u>	<u>118,496.23</u>	<u>214,806.34</u>	<u>214,806.34</u>
Operating (loss)	<u>(64,193.94)</u>	<u>(12,343.51)</u>	<u>(76,537.45)</u>	<u>(76,537.45)</u>
Nonoperating revenues (expenses):				
State sources:				
State school lunch program	384.23		384.23	384.23
Federal sources:				
National school lunch program	16,045.57		16,045.57	16,045.57
Food distribution program	901.31		901.31	901.31
Interest and investment revenue	31.58		31.58	31.58
Total nonoperating revenues	<u>17,362.69</u>	<u>-</u>	<u>17,362.69</u>	<u>17,362.69</u>
(Loss) before contributions & transfers	<u>(46,831.25)</u>	<u>(12,343.51)</u>	<u>(59,174.76)</u>	<u>(59,174.76)</u>
Other Financing Sources/(Uses)				
Cancellation of Interfund		53,686.00	53,686.00	53,686.00
Adjustment to Fixed Assets		(29,989.24)	(29,989.24)	(29,989.24)
Transfer in from General Fund	50,752.43		50,752.43	50,752.43
Change in net position	3,921.18	11,353.25	15,274.43	15,274.43
Total net position—beginning	<u>20,753.81</u>	<u>70,970.20</u>	<u>91,724.01</u>	<u>91,724.01</u>
Total net position—ending	<u>\$ 24,674.99</u>	<u>82,323.45</u>	<u>106,998.44</u>	<u>106,998.44</u>

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	<u>Food Service</u>	<u>Community Service Programs</u>	<u>Non-Major Funds</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	32,116.17	108,136.36	140,252.53	140,252.53
Payments to employees	(50,752.43)	(86,540.40)	(137,292.83)	(137,292.83)
Payments to suppliers	(43,490.30)	(16,219.02)	(59,709.32)	(59,709.32)
Net cash (used for) operating activities	<u>(62,126.56)</u>	<u>5,376.94</u>	<u>(56,749.62)</u>	<u>(56,749.62)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State Sources	395.94		395.94	395.94
Federal Sources	16,056.35		16,056.35	16,056.35
Operating subsidies and transfers from other funds	50,752.43		50,752.43	50,752.43
Net cash provided by non-capital financing activities	<u>67,204.72</u>	<u>-</u>	<u>67,204.72</u>	<u>67,204.72</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>				
Purchase of capital assets	-	(3,528.79)	(3,528.79)	(3,528.79)
Net cash (used for) capital & related financing activities	<u>-</u>	<u>(3,528.79)</u>	<u>(3,528.79)</u>	<u>(3,528.79)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	31.58		31.58	31.58
Net cash provided by investing activities	<u>31.58</u>	<u>-</u>	<u>31.58</u>	<u>31.58</u>
Net increase in cash and cash equivalents	5,109.74	1,848.15	6,957.89	10,486.68
Balances—beginning of year	17,416.00	49,780.00	67,196.00	67,196.00
Balances—end of year	<u>22,525.74</u>	<u>51,628.15</u>	<u>74,153.89</u>	<u>77,682.68</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating (loss)	<u>(64,193.94)</u>	<u>(12,343.51)</u>	<u>(76,537.45)</u>	<u>(76,537.45)</u>
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities				
Depreciation expense	1,173.00	12,208.90	13,381.90	13,381.90
Federal commodities	901.31		901.31	901.31
Decrease in accounts receivable		(189.36)	(189.36)	(189.36)
Decrease in inventories	37.07		37.07	37.07
Increase in deferred revenue		2,173.00	2,173.00	2,173.00
(Decrease) in deposits payable		-	-	-
Increase in accounts payable	(44.00)	3,527.91	3,483.91	3,483.91
Increase in compensated absences payable	-		-	-
Total adjustments	<u>2,067.38</u>	<u>17,720.45</u>	<u>19,787.83</u>	<u>19,787.83</u>
Net cash (used for) operating activities	<u>(62,126.56)</u>	<u>5,376.94</u>	<u>(56,749.62)</u>	<u>(56,749.62)</u>



**City of Margate School District  
(A Component Unit of the City of Margate)  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016**

	<u>Expendable Trusts</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 86,461.08	112,152.15
Total assets	<u>86,461.08</u>	<u>112,152.15</u>
<b>LIABILITIES</b>		
Payable to student groups		11,748.37
Payroll deductions and withholdings	-	33,214.20
Interfund payable		67,189.58
Total liabilities	<u>-</u>	<u>112,152.15</u>
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	\$ <u>86,461.08</u>	

The accompanying notes are an integral part of these financial statements

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2016**

	Expendable Trusts
<b>ADDITIONS</b>	
Contributions:	
Deductions from Employee's Salaries	\$ 10,047.86
Total Contributions	10,047.86
Investment earnings:	
Interest	119.58
Net investment earnings	119.58
Total additions	10,167.44
<b>DEDUCTIONS</b>	
Unemployment claims	683.36
Scholarships awarded	100.00
Total deductions	783.36
Change in net position	9,384.08
Net position—beginning of the year	77,077.00
Net position—end of the year	\$ 86,461.08

The accompanying notes are an integral part of these financial statements

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to Financial Statements  
June 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Margate School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

**A. REPORTING ENTITY:**

The City of Margate School District is a Type I district located in the County of Atlantic, State of New Jersey. As a Type I district, the Board of Education members are appointed by the Mayor. The Board is comprised of seven members appointed to three-year terms. The purpose of the district is to educate students in grades K-8. The City of Margate School District had an approximate enrollment at June 30, 2015 of 430 students.

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

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

Based on the aforementioned criteria, the District has no component units but, as a Type I School District, would be considered a component unit of the City of Margate. The City however reports on a regulatory basis of accounting which does not recognize component units. If the City followed generally accepted accounting principles (GAAP) reporting, the Board of Education would be a component unit of the City of Margate.

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service, summer center stage, performing arts, and latchkey program are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service, community services, and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.).

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to Financial Statements  
June 30, 2016**

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

**1. Governmental Funds:**

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major facilities. The financial resources are derived from temporary notes or serial bonds. As a Type I School District all debt is borne by the municipality rather than the school district.

**Fund Balances – Governmental Funds**

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

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

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to Financial Statements  
June 30, 2016**

- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

## **2. Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District's enterprise fund consists of the following:

Food Service Fund – provides for the operation of food services in all schools within the district.

Community Service Programs – provides latchkey and performing arts programs to the district residents on a fee basis.

## **3. Fiduciary Funds:**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments), private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to Financial Statements  
June 30, 2016**

**D. BASIS OF ACCOUNTING**

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

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

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

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

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

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

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

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

**2. Investments:**

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate).

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to Financial Statements  
June 30, 2016**

**3. Inventories:**

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2015, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Supplies	\$	1,021.93
	\$	1,021.93

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**4. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years

**5. Revenues:**

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

**6. Expenditures:**

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

**7. Compensated absences:**

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

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In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**8. Interfund Activity:**

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

**9. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and are approved by the board of school estimates. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the Executive County Superintendent of Schools. No material budgetary appropriation transfers were presented to the Board of Education for approval during the 2014 fiscal year:

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

**10. Encumbrances:**

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.



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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.

**11. Tuition Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**12. Tuition Payable**

Tuition charges for the fiscal years 2015/16 and 2014/15 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**13. Use of Estimates**

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

**14. Allocation of Costs**

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the amended budget by program.

**15. Pensions**

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

**F. RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016 establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosure". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

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In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting, however will affect the disclosure of pension related items.

**NOTE 2. INVESTMENTS**

As of June 30, 2015, the District had no investments.

**Interest Rate Risk.** The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk.** New Jersey Statutes 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The District places no limit on the amount the District may invest in any one issuer.

**NOTE 3. CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the new Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2016, \$0 of the District's bank balance of \$1,736,957.83 was exposed to custodial credit risk.

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**NOTE 4. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance at 6/30/15	Additions	Disposals/ Adjustments	Balance at 6/30/16
<b>Governmental Activities:</b>				
Capital assets not depreciated:				
Land	\$ 1,444,429			1,444,429
Construction in progress	438,772		(438,772)	-
Total capital assets not depreciated	1,883,201	-	(438,772)	1,444,429
Buildings and improvements	24,402,819	2,343,359		26,746,178
Machinery and equipment	1,540,659	58,838	(87,329)	1,512,168
Total at historical cost	25,943,478	2,402,197	(87,329)	28,258,346
Less: accumulated depreciation				
Buildings and improvements	(11,246,476)	(713,014)		(11,959,490)
Machinery and equipment	(1,004,825)	(108,670)	60,286	(1,053,209)
Total accumulated depreciation	(12,251,301)	(821,684)	60,286	(13,012,699)
Total capital assets being depreciated net of accumulated depreciation	13,692,177	1,580,513	(27,043)	15,245,647
<b>Governmental activities capital assets, net</b>	<b>15,575,378</b>	<b>1,580,513</b>	<b>(465,815)</b>	<b>16,690,076</b>
<b>Business-type activities</b>				
Equipment	118,916	3,529	(30,498)	91,947
Less: accumulated depreciation equipment	(36,262)	(13,382)	508	(49,136)
<b>Business-type activities capital assets, net of depreciation</b>	<b>\$ 82,654</b>	<b>(9,853)</b>	<b>(29,990)</b>	<b>42,811</b>

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Depreciation expense charged to governmental functions is as follows:

Regular instruction	\$ 313,220.31
Special education	75,697.54
Other special instruction	29,950.36
Student & instruction related services	286,939.60
School administrative expenses	32,874.44
General and business administration	22,714.99
	\$ 761,397.24

**NOTE 5. GENERAL LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Issued	Retired	Balance June 30, 2016	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Obligations under Capital Leases	\$ 32,722	-	16,286	16,436	5,273
Compensated Absences Payable	518,336	78,025	88,376	507,985	5,425
Total Governmental Activities:	551,058	78,025	104,662	524,421	10,698

**Bonds Payable** – The City of Margate School District is a Type I School District. In the State of New Jersey, all Type I school debt is borne by the municipality rather than the school district.

**Capital Leases Payable** – The District is leasing the following equipment and vehicles under capital leases:

Commencing June 1, 2011 the District is leasing four (4) Lanier Digital Imaging Copy Machines totaling \$44,195. The lease is for a term of four years and payments in the amount of \$1,022 are made monthly. Payments include interest at a rate of 5.21% per annum. The balance remaining at June 30, 2016 was \$0.

Commencing April 16, 2015, the District is leasing an 8 Passenger Full Size Van totaling \$27,420. The lease is for a term of five years and payments in the amount of \$5,904.74 are made annually. The balance remaining at June 30, 2016 was \$16,135.76.

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The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2015:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 5,273	633	5,906
2018	5,476	430	5,906
2019	5,686	219	5,905
Total	<u>\$ 16,435</u>	<u>1,282</u>	<u>17,717</u>

**NOTE 6. PENSION PLANS**

**Description of Plans**

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

**Teachers' Pension and Annuity Fund**

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

**Public Employees' Retirement System**

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

**Defined Contribution Retirement Program (DCRP)**

The Defined Contribution Retirement program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

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**Funding Policy**

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.1% and the PERS rate is 10.9% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2016, 2015, and 2014 were \$803,750, \$661,417, and \$338,292, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014 were \$128,719, \$122,623, and \$113,013, respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2016, 2015, and 2014 was \$6,418,122, \$6,443,216, and \$6,056,701, respectively; covered payroll was \$4,978,496, \$4,789,257, and \$4,628,354 for TPAF; and \$1,111,826, \$1,059,996, and \$1,031,818 for PERS.

**Significant Legislation**

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

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

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS and TPAF from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

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

**NOTE 7. PUBLIC EMPLOYEES' RETIREMENT FUND (PERS)**

At June 30, 2016, the District reported a liability of \$3,360,913 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District's proportion was 0.01497199470%, which was an increase of .66% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$220,369. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expensed and actual experience	\$ 80,180	
Changes of assumptions	360,935	
Net difference between projected and actual earnings on pension plan investments		54,037
Changes in proportion and differences between District contributions and proportionate share of contributions	15,491	15,074
District contributions subsequent to the measurement date	<u>128,719</u>	
Total	<u>\$ 585,325</u>	<u>69,111</u>

\$128,719 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30,		
2016	\$	(72,436)
2017		(72,436)
2018		(72,436)
2019		(108,734)
2020		(61,454)
Total	<u>\$</u>	<u>(387,495)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.9% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:



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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	0.40%
REIT	4.25%	5.12%

*Discount Rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participated employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 4,054,794	3,360,913	\$ 2,780,134

*Pension plan fiduciary net position.*

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

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financial report.

**NOTE 8. TEACHERS' PENSION AND ANNUITY FUND (TPAF)**

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>25,654,159</u>
Total	<u>\$ 25,654,159</u>

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,824,675 and revenue of \$1,824,675 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expensed and actual experience	\$ 151,879	9,002
Changes of assumptions	3,404,326	
Net difference between projected and actual earnings on pension plan investments		253,125
Changes in proportion and differences between District contributions and proportionate share of contributions		635,011
District contributions subsequent to the measurement date	<u>254,102</u>	
Total	<u>\$ 3,810,307</u>	<u>897,138</u>

\$254,102 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	Year ended June 30,	
	<u>          </u>	
2016		\$ (294,527)
2017		(294,527)
2018		(294,527)
2019		(451,181)
2020		(381,855)
Thereafter		<u>(790,569)</u>
Total		<u><u>\$ (2,507,188)</u></u>

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Cash	5.00%	53.00%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging market equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - Multi Strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

*Discount rate.* The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.13% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	-	-

*Pension plan fiduciary net position.*

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

**City of Margate Board of Education  
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**NOTE 9. LABOR CONTRACTS**

As of June 30, 2015, the District's employees are organized in two collective bargaining units. The contracts with the Education Association and the Administrators Association expired on June 30, 2014 and are currently being re-negotiated for another three year period. In addition, the District has a separate contract with the Business Administrator that is renewed annually. The contract with the Superintendent expires June 30, 2017 however she has resigned effective October 1, 2014. A new superintendent was appointed on October 1, 2014 for the remainder of the 2015 fiscal year, as well as three additional years through June 30, 2018.

**NOTE 10. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 192, Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**NOTE 11. COMPENSATED ABSENCES**

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

**NOTE 12. DEFERRED COMPENSATION**

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

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June 30, 2016**

Lincoln Investment Planning, Inc.  
Equitable  
Met Life  
Aspire Financial Services

**NOTE 13. RISK MANAGEMENT**

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

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2016 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 116	10,048	683	84,118
2014-2015	107	9,586	5,348	74,637
2013-2014	113	9,128	23,045	70,292

**NOTE 14. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 175,637.64	
Special Revenue Fund		3,032.35
Capital Projects Fund		105,415.71
Payroll Agency		67,189.58
Total	<u>\$ 175,637.64</u>	<u>175,637.64</u>

Interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies, and to subsidize operating revenue in food service. It is anticipated that all interfunds will be liquidated during the fiscal year.

**NOTE 15. ECONOMIC DEPENDENCY**

The District is heavily reliant on local property taxation through the City of Margate to fund the District’s operations. Property taxes and state aid funded 81% of the District 2015-2016 governmental operations.

**City of Margate Board of Education  
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Notes to Financial Statements  
June 30, 2016**

**NOTE 16. CAPITAL RESERVE FUND**

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 District has not funded their capital reserve fund. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve fund 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. 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.

**NOTE 17. FUND BALANCE APPROPRIATED**

**General Fund (Exhibit B-1)** - Of the \$1,860,372.77 General Fund fund balance at June 30, 2016, \$38,880.70 is reserved for encumbrances; \$1,219,199.07 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$599,664 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017); \$300,336 has been appropriated and also included as anticipated revenue for the year ending June 30, 2017; and \$301,957 is unreserved and undesignated.

**NOTE 18. CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$1,219,199.07, of which \$599,644 has been included in the 2016-17 budget. The excess fund balance at June 30, 2015 was \$1,246,052.

**NOTE 19. LITIGATION**

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

**NOTE 20. SOLAR PHOTOVOLTAIC PANEL PROJECT**

During the 2016 fiscal year, the District authorized the sale of solar renewal energy credits (SREC) that were earned through the use of the solar photovoltaic panels. As a result of the sale, the District earned \$127,980. The balance of \$127,980 has been realized as revenue, and a receivable established, as of June 30, 2016. Credits are earned during the fiscal year that operates from June 1 to May 31. During the month of June 2016, credits may have been earned that would be available for sale during the 2016 fiscal year. Due to market fluctuations and the possibility these credits will no longer be available for sale during the next fiscal year, a receivable has not been established as of June 30, 2016.

**NOTE 21. INSURANCE RECOVERIES**

For governmental-type activities, the unrestricted (deficit) of \$(3,1958,729.76) includes the effect of deferring the recognition of revenue from advance payments to restore assets damaged as a result of Superstorm Sandy in October of 2012. As of June 30, 2016 the District had not expended all of the funds received resulting in a balance in Unearned Revenue of \$70,922.16. It is anticipated that these monies will be expended during the current fiscal year and recognized as revenue.

**City of Margate Board of Education  
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Notes to Financial Statements  
June 30, 2016**

**NOTE 22. SCHOOL CONSTRUCTION PROJECTS**

The District was awarded \$2,219,586 in grant funding through the New Jersey Department of Education to fund various capital maintenance projects for renovations, alterations, and upgrades at the two district buildings. As of June 30, 2016, the District expended \$2,132,166.82 on these projects.

On April 21, 2014, the City of Margate authorized the issuance of debt in the amount of \$2,257,834 to cover cash flow on the above mentioned projects until grant funds are received. The City issued \$500,000 in bond anticipation notes on July 21, 2015 at an interest rate of 1.00% per annum. This note matured on July 20, 2016 and was renewed for another year.

**NOTE 23. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through November 4, 2016, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.



**Required Supplemental Information**  
**Part II**

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**BUDGETARY COMPARISON SCHEDULES**

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**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 10,511,408.00		10,511,408.00	10,511,408.00	-
Tuition - From Individuals	7,400.00		7,400.00	3,850.00	(3,550.00)
Tuition - From other LEAs within State	837,406.00		837,406.00	837,406.00	-
Miscellaneous	40,600.00		40,600.00	166,189.80	125,589.80
<b>Total - Local Sources</b>	<b>11,396,814.00</b>	<b>-</b>	<b>11,396,814.00</b>	<b>11,518,853.80</b>	<b>122,039.80</b>
State Sources:					
Categorical Special Education Aid	312,910.00		312,910.00	312,910.00	-
Categorical Security Aid	43,753.00		43,753.00	43,753.00	-
Adjustment Aid	45,463.00		45,463.00	45,463.00	-
Categorical Transportation Aid	134,194.00		134,194.00	134,194.00	-
Special Education Extraordinary Aid	51,600.00		51,600.00	136,176.00	84,576.00
Other State Aid	10,060.00		10,060.00	25,700.00	15,640.00
On-Behalf TPAF Pension Contributions (non-budgeted)				803,750.00	803,750.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				357,163.30	357,163.30
<b>Total - State Sources</b>	<b>597,980.00</b>	<b>-</b>	<b>597,980.00</b>	<b>1,859,109.30</b>	<b>1,261,129.30</b>
<b>Total Revenues</b>	<b>11,994,794.00</b>	<b>-</b>	<b>11,994,794.00</b>	<b>13,377,963.10</b>	<b>1,383,169.10</b>

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	269,298.00	-	269,298.00	269,297.91	0.09
Grades 1-5	1,612,073.00	71,654.93	1,683,727.93	1,656,101.34	27,626.59
Grades 6-8	1,274,660.00	(7,568.00)	1,267,092.00	1,263,236.32	3,855.68
Regular Programs - Home Instruction:	2,000.00	-	2,000.00	463.55	1,536.45
Regular Programs - Undistributed Instruction:					
Other Purchased Services	1,000.00	800.00	1,800.00	644.50	1,155.50
General Supplies	337,241.26	664.00	337,905.26	247,786.79	90,118.47
Textbooks	124,000.00	(2,700.00)	121,300.00	63,108.88	58,191.12
Total Regular Programs	3,620,272.26	62,850.93	3,683,123.19	3,500,639.29	182,483.90
Resource Room/Resource Center:					
Salaries of Teachers	653,223.00	60,692.64	713,915.64	713,717.93	197.71
Other Salaries for Instruction	65,776.00	56,203.76	121,979.76	121,359.86	619.90
General Supplies	5,995.00	-	5,995.00	4,382.78	1,612.22
Textbooks	1,000.00	-	1,000.00	-	1,000.00
Total Resource Room/Resource Center	725,994.00	116,896.40	842,890.40	839,460.57	3,429.83
Preschool Disabilities - Part Time:					
Salaries of Teachers	46,383.00	(1,500.00)	44,883.00	44,882.88	0.12
General Supplies	2,346.00	-	2,346.00	-	2,346.00
Total Preschool Disabilities - Full Time	48,729.00	(1,500.00)	47,229.00	44,882.88	2,346.12
Total Special Education - Instruction	774,723.00	115,396.40	890,119.40	884,343.45	5,775.95
Home Instruction:					
Salaries of Teachers	29,678.00	(5,894.52)	23,783.48	23,635.48	148.00
Total Home Instruction:	29,678.00	(5,894.52)	23,783.48	23,635.48	148.00

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Basic Skills/Remedial- Instruction	276,000.00	(28,493.00)	247,507.00	247,506.65	0.35
Salaries of Teachers	276,000.00	(28,493.00)	247,507.00	247,506.65	0.35
<b>Total Basic Skills/Remedial - Instruction</b>					
Bilingual Education - Instruction:					
Salaries of Teachers	44,883.00	0.09	44,883.09	44,883.09	-
<b>Total Bilingual Education - Instruction</b>	44,883.00	0.09	44,883.09	44,883.09	-
School Sponsored Cocurricular Activities - Instruction:					
Salaries	43,000.00	-	43,000.00	38,230.57	4,769.43
Supplies and Materials	2,465.00	2,327.83	4,792.83	4,079.47	713.36
Other Objects	12,000.00	-	12,000.00	6,539.34	5,460.66
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	57,465.00	2,327.83	59,792.83	48,849.38	10,943.45
School Sponsored Athletics - Instruction					
Salaries	16,500.00	-	16,500.00	14,740.00	1,760.00
Purchased Services	5,000.00	-	5,000.00	3,953.30	1,046.70
Supplies and Materials	7,744.00	-	7,744.00	3,338.34	4,405.66
Other Objects	1,000.00	-	1,000.00	992.00	8.00
<b>Total School Sponsored Athletics - Instruction</b>	30,244.00	-	30,244.00	23,023.64	7,220.36
Summer School - Instruction					
Salaries of Teachers	3,000.00	20,092.52	23,092.52	23,092.52	-
<b>Total Summer School - Instruction</b>	3,000.00	20,092.52	23,092.52	23,092.52	-

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Total Instruction	4,836,265.26	166,280.25	5,002,545.51	4,795,973.50	206,572.01
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	1,672,611.00	-	1,672,611.00	1,671,212.83	1,398.17
Tuition to Other LEAs within the State - Special	40,907.00	-	40,907.00	40,907.00	-
Tuition to County Voc. School District - Regular	104,074.00	-	104,074.00	104,074.00	-
Tuition to CSSD & Regional Day Schools	151,575.00	(11,095.20)	140,479.80	44,298.64	96,181.16
Tuition - State Facilities	32,306.00	-	32,306.00	32,306.00	-
Total Undistributed Expenditures - Instruction	2,001,473.00	(11,095.20)	1,990,377.80	1,892,798.47	97,579.33
Undistributed Expenditures - Attendance and Social Work:					
Salaries	44,883.00	(44,883.00)	-	-	-
Total Undistributed Expenditures - Attendance and Social Work	44,883.00	(44,883.00)	-	-	-
Undistributed Expenditures - Health Services:					
Salaries	188,782.00	-	188,782.00	188,781.81	0.19
Supplies and Materials	8,578.00	(2,659.00)	5,919.00	5,918.72	0.28
Total Undistributed Expenditures - Health Services	197,360.00	(2,659.00)	194,701.00	194,700.53	0.47



**City of Margate Board of Education  
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General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	72,116.00	13,783.84	85,899.84	85,899.84	-
Purchased Professional Education Services	-	3,800.00	3,800.00	3,800.00	-
Supplies and Materials	2,369.00	(2,300.00)	69.00	-	69.00
<b>Total Undistributed Expenditures - Other Support Services - Students - Regular</b>	<b>74,485.00</b>	<b>15,283.84</b>	<b>89,768.84</b>	<b>89,699.84</b>	<b>69.00</b>
Undistributed Expenditures - Other Support Services - Extra. Serv. Salaries	151,378.00	(37,754.50)	113,623.50	108,064.49	5,559.01
Purchased Professional - Educational Services	129,762.50	24,325.00	154,087.50	148,667.35	5,420.15
<b>Total Undistributed Services - Other Support Services - Extra. Serv.</b>	<b>281,140.50</b>	<b>(13,429.50)</b>	<b>267,711.00</b>	<b>256,731.84</b>	<b>10,979.16</b>
Undistributed Expenditures - Child Study Teams Salaries of Other Professional Staff	279,949.00	295.50	280,244.50	279,948.61	295.89
Salaries of Secretarial and Clerical Assistants	31,523.00	(500.00)	31,023.00	29,295.18	1,727.82
Misc. Purchased Services	500.00	-	500.00	439.96	60.04
Supplies and Materials	37,300.00	(8,500.00)	28,800.00	25,533.14	3,266.86
Other Objects	205.00	-	205.00	35.00	170.00
<b>Total Undistributed Expenditures - Child Study Teams</b>	<b>349,477.00</b>	<b>(8,704.50)</b>	<b>340,772.50</b>	<b>335,251.89</b>	<b>5,520.61</b>
Undistributed Expenditures - Improvement of Instruction Services: Salaries of Supervisor of Instruction	95,133.00	1,250.00	96,383.00	96,382.96	0.04
Salaries of Secretaries and Clerical Staff	23,585.00	11,793.00	35,378.00	35,033.18	344.82
Other Purchased Services	600.00	-	600.00	74.10	525.90
Other Objects	3,400.00	-	3,400.00	1,640.00	1,760.00
<b>Total Undistributed Expenditures - Improv. of Instr. Services</b>	<b>122,718.00</b>	<b>13,043.00</b>	<b>135,761.00</b>	<b>133,130.24</b>	<b>2,630.76</b>

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	93,800.00	-	93,800.00	93,130.80	669.20
Salaries of Technology Coordinators	64,240.00	-	64,240.00	64,239.76	0.24
Supplies and Materials	166,615.32	-	166,615.32	152,830.15	13,785.17
Other Objects	100.00	-	100.00	50.00	50.00
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>324,755.32</b>	<b>-</b>	<b>324,755.32</b>	<b>310,250.71</b>	<b>14,504.61</b>
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	171,004.00	-	171,004.00	171,003.82	0.18
Legal Services	45,000.00	(12,700.00)	32,300.00	28,634.03	3,665.97
Audit Fees	17,900.00	(700.00)	17,200.00	17,200.00	-
Other Purchased Professional Services	3,000.00	(3,000.00)	-	-	-
Communications/Telephone	39,611.00	(9,072.00)	30,539.00	27,019.60	3,519.40
Misc Purchased Services (400-500)	3,700.00	(1,500.00)	2,200.00	1,844.66	355.34
General Supplies	7,050.00	(2,000.00)	5,050.00	4,343.35	706.65
Miscellaneous Expenditures	9,110.00	(300.00)	8,810.00	8,728.15	81.85
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>296,375.00</b>	<b>(29,272.00)</b>	<b>267,103.00</b>	<b>258,773.61</b>	<b>8,329.39</b>
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	113,993.00	(4,256.00)	109,737.00	109,736.20	0.80
Salaries of Secretarial and Clerical Assistants	40,135.00	12,978.00	53,113.00	28,227.42	24,885.58
Other Purchased Services (400-500 series)	1,700.00	(1,200.00)	500.00	124.95	375.05
Supplies and Materials	10,575.00	(6,275.00)	4,300.00	3,464.56	835.44
Other Objects	2,050.00	(1,000.00)	1,050.00	889.00	161.00
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>168,453.00</b>	<b>247.00</b>	<b>168,700.00</b>	<b>142,442.13</b>	<b>26,257.87</b>

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Central Services					
Salaries	186,101.00	-	186,101.00	186,100.46	0.54
Purchased Technical Services	1,000.00	(61.01)	938.99	690.00	248.99
Misc. Purchased Services	2,600.00	(960.00)	1,640.00	1,617.18	22.82
Supplies and Materials	9,059.00	61.01	9,120.01	9,120.01	-
Miscellaneous Expenditures	1,900.00	(200.00)	1,700.00	1,688.33	11.67
<b>Total Undistributed Expenditures - Central Services</b>	<b>200,660.00</b>	<b>(1,160.00)</b>	<b>199,500.00</b>	<b>199,215.98</b>	<b>284.02</b>
Undistributed Expenditures - Administration Information Technology Other Purchased Services	18,367.00	-	18,367.00	18,366.00	1.00
<b>Total Undistributed Expenditures - Administration Info Technology</b>	<b>18,367.00</b>	<b>-</b>	<b>18,367.00</b>	<b>18,366.00</b>	<b>1.00</b>
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	202,886.00	(4,065.00)	198,821.00	198,741.66	79.34
Cleaning Repairs and Maintenance Services	80,618.75	100,033.00	180,651.75	165,250.79	15,400.96
General Supplies	127,788.81	(81,583.00)	46,205.81	45,945.00	260.81
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>411,293.56</b>	<b>14,385.00</b>	<b>425,678.56</b>	<b>409,937.45</b>	<b>15,741.11</b>
Undistributed Expenditures - Custodial Services					
Salaries	311,365.00	4,243.54	315,608.54	312,985.40	2,623.14
Cleaning, Repair and Maintenance Services	28,690.00	1,645.00	30,335.00	29,127.23	1,207.77
Insurance	118,523.00	(8,860.00)	109,663.00	109,662.00	1.00
Miscellaneous Purchased Services	-	479.00	479.00	479.00	-
General Supplies	44,350.20	(12,656.00)	31,694.20	30,851.31	842.89
Energy (Natural Gas)	72,000.00	(15,000.00)	57,000.00	41,730.02	15,269.98
Energy (Electricity)	284,000.00	(25,000.00)	259,000.00	245,098.33	13,901.67
Other Objects	275.00	-	275.00	275.00	-
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>859,203.20</b>	<b>(55,148.46)</b>	<b>804,054.74</b>	<b>770,208.29</b>	<b>33,846.45</b>

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Care and Upkeep of Grounds	3,000.00	(1,000.00)	2,000.00	-	2,000.00
Cleaning, Repair, and Maintenance Services	750.00	-	750.00	-	750.00
General Supplies	3,750.00	(1,000.00)	2,750.00	-	2,750.00
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>3,750.00</b>	<b>(1,000.00)</b>	<b>2,750.00</b>	<b>-</b>	<b>2,750.00</b>
Undistributed Expenditures - Security	8,000.00	(2,000.00)	6,000.00	3,241.00	2,759.00
Cleaning, Repair, and Maintenance Services	5,000.00	-	5,000.00	4,437.45	562.55
General Supplies	13,000.00	(2,000.00)	11,000.00	7,678.45	3,321.55
<b>Total Undistributed Expenditures - Security</b>	<b>1,287,246.76</b>	<b>(43,763.46)</b>	<b>1,243,483.30</b>	<b>1,187,824.19</b>	<b>55,659.11</b>
<b>Total Undistributed Expen - Oper &amp; Main of Plant Serv</b>					
Undistributed Expenditures - Student Transportation Services:	37,459.00	-	37,459.00	32,981.09	4,477.91
Salaries for Pupil Transp. (Between Home and School)-Spec Ed	3,500.00	-	3,500.00	2,133.50	1,366.50
Salaries for Pupil Transp. (Other than Between Home and School)	8,500.00	-	8,500.00	4,527.72	3,972.28
Cleaning, Repair and Maintenance Service	11,612.00	5,906.00	17,518.00	17,517.32	0.68
Lease Purchase Payments - School Buses	23,868.00	(40.00)	23,828.00	15,773.60	8,054.40
Contracted Services - Aid in Lieu of Payments Non Public	19,000.00	-	19,000.00	11,541.00	7,459.00
Contracted Services - (Other than Between Home and School) - Vendors	196,438.00	(5,503.88)	190,934.12	188,192.69	2,741.43
Contracted Services - (Between Home and School) - Joint Agmnts	77,040.00	(38,549.27)	38,490.73	11,573.78	26,916.95
Contracted Services (Special Ed Students) - Joint Agreements	500.00	-	500.00	-	500.00
Supplies and Materials	4,008.50	-	4,008.50	1,525.06	2,483.44
Transportation Supplies	381,925.50	(38,187.15)	343,738.35	285,765.76	57,972.59
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>					
Unallocated Benefits:					
Social Security Contributions	120,000.00	2,220.00	122,220.00	122,218.35	1.65
Other Retirement Contributions - PERS	128,729.00	-	128,729.00	128,725.94	3.06
Other Retirement Contributions - Regular	3,200.00	8.00	3,208.00	3,202.75	5.25
Workmen's Compensation	95,885.00	(5,901.00)	89,984.00	73,006.00	16,978.00
Health Benefits	1,708,505.00	(8,918.28)	1,699,586.72	1,461,401.99	238,184.73

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Tuition Reimbursements	8,000.00	6,491.00	14,491.00	12,669.04	1,821.96
Other Employee Benefits	9,290.00	58.50	9,348.50	9,348.50	-
Unused Sick Payment to Retired Staff	41,900.00	-	41,900.00	41,600.00	300.00
<b>Total Unallocated Benefits</b>	<b>2,115,509.00</b>	<b>(6,041.78)</b>	<b>2,109,467.22</b>	<b>1,852,172.57</b>	<b>257,294.65</b>
On-behalf TPAF Pension Contributions (non-budgeted)				803,750.00	(803,750.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				357,163.30	(357,163.30)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,160,913.30</b>	<b>(1,160,913.30)</b>
Total Undistributed Expenditures	7,864,828.08	(170,621.75)	7,694,206.33	8,318,037.06	(623,830.73)
<b>Total Current Expense</b>	<b>12,701,093.34</b>	<b>(4,341.50)</b>	<b>12,696,751.84</b>	<b>13,114,010.56</b>	<b>(417,258.72)</b>
<b>Capital Outlay:</b>					
Equipment:					
Undistributed Expenditures:					
Grades 6-8	-	-	-	-	-
Support Services - Students - Regular	-	2,956.00	2,956.00	2,687.00	269.00
Support Services - Instructional Staff	29,731.00	-	29,731.00	27,056.00	2,675.00
Security	24,797.83	-	24,797.83	24,797.83	-
<b>Total Equipment</b>	<b>54,528.83</b>	<b>2,956.00</b>	<b>57,484.83</b>	<b>54,540.83</b>	<b>2,944.00</b>
Facilities Acquisition and Construction Services					
Construction Services	-	-	-	-	-
Assessment for Debt Service on SDA Funding	63,240.00	-	63,240.00	63,240.00	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>63,240.00</b>	<b>-</b>	<b>63,240.00</b>	<b>63,240.00</b>	<b>-</b>
<b>Total Capital Outlay</b>	<b>117,768.83</b>	<b>2,956.00</b>	<b>120,724.83</b>	<b>117,780.83</b>	<b>2,944.00</b>
Transfers to Charter Schools	99,890.00	-	99,890.00	49,901.51	49,988.49
<b>Total Expenditures</b>	<b>12,918,752.17</b>	<b>(1,385.50)</b>	<b>12,917,366.67</b>	<b>13,281,692.90</b>	<b>(364,326.23)</b>

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(923,958.17)	1,385.50	(922,572.67)	96,270.20	1,018,842.87
Other Financing Sources (Uses):					
Interfunds Cancelled				(53,686.00)	(53,686.00)
Operating Transfers Out:					
Transfer to Food Service Fund - Board Contribution	(51,285.00)	(1,385.50)	(52,670.50)	(50,752.43)	1,918.07
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(975,243.17)	0.00	(975,243.17)	(8,168.23)	967,074.94
Fund Balances, July 1	1,901,160.00	-	1,901,160.00	1,901,160.00	-
Fund Balances, June 30	\$ 925,916.83	0.00	925,916.83	1,892,991.77	967,074.94

**Recapitulation of Fund Balance:**

**Restricted Fund Balance:**

Reserve for Excess Surplus	619,535.07
Excess Surplus-Designated for Subsequent Year's Expenditures	599,664.00

**Assigned Fund Balance:**

Designated for Subsequent Year's Expenditures	300,336.00
Reserve for Encumbrances	38,880.70

**Unassigned Fund Balance**

	334,576.00
	1,892,991.77

Reconciliation to Governmental Funds Statements (GAAP)

Last State Aid Payment Not Recognized on GAAP Basis	(32,619.00)
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Fund Balance per Governmental Funds (GAAP)

	1,860,372.77
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**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	-	32,348.39	32,348.39	19,657.92	(12,690.47)
<b>Total - Local Sources</b>	<b>-</b>	<b>32,348.39</b>	<b>32,348.39</b>	<b>19,657.92</b>	<b>(12,690.47)</b>
Federal Sources:					
Title I	29,513.00	40,736.00	70,249.00	66,500.19	(3,748.81)
I.D.E.A., Part B	108,599.00	47,637.00	156,236.00	156,236.00	-
Other	18,734.00	780.00	19,514.00	19,523.31	9.31
<b>Total - Federal Sources</b>	<b>156,846.00</b>	<b>89,153.00</b>	<b>245,999.00</b>	<b>242,259.50</b>	<b>(3,739.50)</b>
<b>Total Revenues</b>	<b>156,846.00</b>	<b>121,501.39</b>	<b>278,347.39</b>	<b>261,917.42</b>	<b>(16,429.97)</b>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	29,513.00	35,972.00	65,485.00	63,948.00	1,537.00
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional and Technical Services	108,599.00	39,269.00	147,868.00	147,868.00	-
Other Purchased Services (400-500 series)	-	-	-	-	-
General Supplies	138,112.00	29,517.04	29,517.04	15,820.42	13,696.62
<b>Total instruction</b>	<b>138,112.00</b>	<b>104,758.04</b>	<b>242,870.04</b>	<b>227,636.42</b>	<b>15,233.62</b>
Support Services					
Personal Services - Employee Benefits	-	4,399.00	4,399.00	4,399.00	-
Purchased Professional and Technical Services	18,734.00	9,148.00	27,882.00	27,882.00	-
Supplies and Materials	18,734.00	3,196.35	3,196.35	2,000.00	1,196.35
<b>Total support services</b>	<b>18,734.00</b>	<b>16,743.35</b>	<b>35,477.35</b>	<b>34,281.00</b>	<b>1,196.35</b>
<b>Total expenditures</b>	<b>156,846.00</b>	<b>121,501.39</b>	<b>278,347.39</b>	<b>261,917.42</b>	<b>16,429.97</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

City of Margate School District  
 (A Component Unit of the City of Margate)  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2016

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

		<u>General Fund</u>	<u>Special Revenue</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	\$ 13,377,963.10	261,917.42
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior Year			4,297.00
Current Year			(1,626.61)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
		34,845.00	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
		<u>(32,619.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	<u>13,380,189.10</u>	<u>264,587.81</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	13,281,692.90	261,917.42
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Prior Year			4,297.00
Current Year			(1,626.61)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	<u>\$ 13,281,692.90</u>	<u>264,587.81</u>



**Required Supplemental Information**  
**Part III**

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**CITY OF MARGATE SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employee Retirement System**  
**Last Three Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0149719947%	0.0148744718%	0.0149888602%
District's proportionate of the net pension liability (asset)	\$ 3,360,913	\$ 2,784,908	\$ 2,864,669
District's covered payroll	\$ 1,059,996	\$ 1,031,944	\$ 1,014,063
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	317.07%	269.87%	282.49%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

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

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

**CITY OF MARGATE SCHOOL DISTRICT**  
**Schedule of District Contributions**  
**Public Employee Retirement System**  
**Last Three Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 128,719.00	\$ 122,623.00	\$ 112,938.00
Contributions in relation to the contractually required contribution	<u>\$ 128,719.00</u>	<u>\$ 122,623.00</u>	<u>\$ 112,938.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,059,996.00	\$ 1,031,944.00	\$ 1,014,063.00
Contributions as a percentage of covered-employee payroll	12.14%	11.88%	11.14%

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

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

**CITY OF MARGATE SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund**  
**Last Three Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 25,654,159.00</u>	<u>\$ 24,979,849.00</u>	<u>\$ 24,764,165.00</u>
Total	<u>\$ 25,654,159.00</u>	<u>\$ 24,979,849.00</u>	<u>\$ 24,764,165.00</u>
District's covered payroll	\$ 4,789,257.00	\$ 4,628,422.00	\$ 4,628,422.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.64%

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

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

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**SPECIAL REVENUE FUND**

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**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	No Child Left Behind	Teacher & Principals Training Title II - Part A	I.D.E.A. Part - B Basic	I.D.E.A. Part - B Preschool	Total Federal Projects
<b>REVENUES:</b>					
Federal Sources	\$ 66,500.19	19,514.00	147,868.00	8,368.00	242,250.19
State Sources					-
Local Sources					-
<b>Total revenues</b>	<b>66,500.19</b>	<b>19,514.00</b>	<b>147,868.00</b>	<b>8,368.00</b>	<b>242,250.19</b>
<b>EXPENDITURES</b>					
Instruction:					
Salaries of teachers	57,506.00				57,506.00
Other salaries for instruction					-
Purchased prof. and technical services			147,868.00		147,868.00
Other purchased services	4,595.19				4,595.19
General supplies					
<b>Total instruction</b>	<b>62,101.19</b>	<b>-</b>	<b>147,868.00</b>	<b>-</b>	<b>209,969.19</b>
Support services:					
Salaries of teachers					-
Salaries of other professional staff					-
Personal services- employee benefits	4,399.00	19,514.00		8,368.00	4,399.00
Purchased professional & technical services					27,882.00
Other purchased services					-
Supplies and materials					-
<b>Total support services</b>	<b>4,399.00</b>	<b>19,514.00</b>	<b>-</b>	<b>8,368.00</b>	<b>32,281.00</b>
Facilities acquisition and const. serv.:					
Instructional equipment					-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to Charter Schools					
<b>Total expenditures</b>	<b>66,500.19</b>	<b>19,514.00</b>	<b>147,868.00</b>	<b>8,368.00</b>	<b>242,250.19</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Library Grant	Rebel II	Sustainable Grant	Agricultural Grant	Municipal Alliance	Subtotal	Total
<b>REVENUES:</b>							
Federal Sources		9.31				9.31	242,259.50
State Sources	335.28		2,000.00	467.40	16,855.24	19,657.92	-
Local Sources	335.28	9.31	2,000.00	467.40	16,855.24	19,667.23	19,657.92
<b>Total revenues</b>	<b>335.28</b>	<b>9.31</b>	<b>2,000.00</b>	<b>467.40</b>	<b>16,855.24</b>	<b>19,667.23</b>	<b>261,917.42</b>
<b>EXPENDITURES</b>							
Instruction:							
Salaries of teachers					6,442.00	6,442.00	63,948.00
Other salaries for instruction					-	-	-
Purchased prof. and technical services					-	-	147,868.00
Other purchased services		9.31		467.40	10,413.24	11,225.23	15,820.42
General supplies	335.28						
<b>Total instruction</b>	<b>335.28</b>	<b>9.31</b>	<b>-</b>	<b>467.40</b>	<b>16,855.24</b>	<b>17,667.23</b>	<b>227,636.42</b>
Support services:							
Personal services- employee benefits						-	4,399.00
Purchased professional & technical services			2,000.00			2,000.00	27,882.00
Supplies and materials							2,000.00
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>2,000.00</b>	<b>-</b>	<b>-</b>	<b>2,000.00</b>	<b>34,281.00</b>
Facilities acquisition and const. serv.:							
Instructional equipment						-	-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to Charter Schools							
<b>Total expenditures</b>	<b>335.28</b>	<b>9.31</b>	<b>2,000.00</b>	<b>467.40</b>	<b>16,855.24</b>	<b>19,667.23</b>	<b>261,917.42</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CAPITAL PROJECTS FUND**

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**City of Margate School District  
Capital Projects Fund  
Summary Statement of Project Expenditures  
For the Fiscal Year Ended June 30, 2016**

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2016
			Prior Years	Current Year	
Exterior ADA Accessibility Upgrades at Tighe Middle School	2014	\$ 319,467.00	30,067.25	240,768.75	48,631.00
William H. Ross School Renovations and Alterations	2014	475,872.00	65,500.22	344,304.50	66,067.28
Tighe Middle School HVAC, Boiler, ADA Improvements	2014	1,462,495.00	332,180.03	1,119,346.07	10,968.90
		\$ 2,257,834.00	427,747.50	1,704,419.32	125,667.18

Note: On April 21, 2014, the City of Margate authorized the issuance of debt in the amount of \$2,257,834 to cover cash flow on the above projects until grant funds are received. As a Type 1 school district these funds are not revenue to the District.

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budgetary Basis**  
**For the Year Ended June 30, 2016**

Revenues and Other Financing Sources	
State Sources	
SCC Grant	\$ -
Bond proceeds and transfers	-
	<hr/>
Total revenue	-
	<hr/>
Expenditures and Other Financing Uses	
Purchased professional and technical services	25,112.50
Land and improvements	-
Construction Services	1,679,306.82
Equipment purchases	-
	<hr/>
Total expenditures	1,704,419.32
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(1,704,419.32)
Fund balance - beginning	1,830,087.00
	<hr/>
Fund balance - ending	\$ <u>125,667.68</u>

**City of Margate School District  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance,  
and Project Status - Budgetary Basis  
Exterior ADA Accessibility Upgrades at Tighe Middle School  
From Inception and for the Year Ended June 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources				
Schools Construction Corp (SCC) Grant	\$ 314,112.00		314,112.00	314,112.00
Bond proceeds and transfers				
City of Margate	5,355.00		5,355.00	5,355.00
<b>Total revenue</b>	<b>319,467.00</b>	<b>-</b>	<b>319,467.00</b>	<b>319,467.00</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	24,486.00	4,350.00	28,836.00	56,645.00
Land and improvements			-	
Construction services	5,581.25	236,418.75	242,000.00	262,822.00
Equipment purchases			-	
<b>Total expenditures</b>	<b>30,067.25</b>	<b>240,768.75</b>	<b>270,836.00</b>	<b>319,467.00</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 289,399.75</b>	<b>(240,768.75)</b>	<b>48,631.00</b>	<b>-</b>

**Additional project information:**

Project number	3020-000-14-1002-G04
Grant date	1/6/14
Bond authorization date	N/A
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	319,467.00
Additional authorized cost	-
Revised authorized cost	319,467.00
Percentage increase over original cost	-
Percentage completion	0.85
Original target completion date	12/14
Revised target completion date	9/16

**City of Margate School District  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance,  
and Project Status - Budgetary Basis  
William H. Ross School Renovations and Alterations  
From Inception and for the Year Ended June 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State sources				
Schools Construction Corp (SCC) Grant	\$ 467,841.00		467,841.00	467,841.00
Bond proceeds and transfers				
City of Margate	8,031.00		8,031.00	8,031.00
Total revenue	475,872.00	-	475,872.00	475,872.00
Expenditures and Other Financing Uses				
Purchased professional and technical services	40,838.22	4,105.50	44,943.72	63,306.00
Land and improvements			-	
Construction services	24,662.00	340,199.00	364,861.00	412,566.00
Equipment purchases			-	
Total expenditures	65,500.22	344,304.50	409,804.72	475,872.00
Excess (deficiency) of revenues over (under) expenditures	\$ 410,371.78	(344,304.50)	66,067.28	-

**Additional project information:**

Project number	3020-025-14-1003-G04
Grant date	2/21/14
Bond authorization date	N/A
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	475,872.00
Additional authorized cost	-
Revised authorized cost	475,872.00
Percentage increase over original cost	-
Percentage completion	0.86
Original target completion date	12/14
Revised target completion date	9/16



**City of Margate School District  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance,  
and Project Status - Budgetary Basis  
Tighe Middle School HVAC, Boiler, and ADA Improvements  
From Inception and for the Year Ended June 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources				
Schools Construction Corp (SCC) Grant	\$ 1,437,633.00		1,437,633.00	1,437,633.00
Bond proceeds and transfers				
City of Margate	24,862.00		24,862.00	24,862.00
<b>Total revenue</b>	<b>1,462,495.00</b>	<b>-</b>	<b>1,462,495.00</b>	<b>1,462,495.00</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	134,311.98	16,657.00	150,968.98	161,937.00
Land and improvements			-	
Construction services	197,868.05	1,102,689.07	1,300,557.12	1,300,558.00
Equipment purchases			-	
<b>Total expenditures</b>	<b>332,180.03</b>	<b>1,119,346.07</b>	<b>1,451,526.10</b>	<b>1,462,495.00</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 1,130,314.97</b>	<b>(1,119,346.07)</b>	<b>10,968.90</b>	<b>-</b>

**Additional project information:**

Project number	3020-010-14-1001-G04
Grant date	2/21/14
Bond authorization date	N/A
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	1,462,495.00
Additional authorized cost	-
Revised authorized cost	1,462,495.00
Percentage increase over original cost	
Percentage completion	0.99
Original target completion date	12/14
Revised target completion date	9/16

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**PROPRIETARY FUNDS**

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**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Enterprise Funds**  
**Combining Schedule of Net Position**  
**June 30, 2016**

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	Food Service	Community Service Programs	2016
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 22,525.74	51,628.15	74,153.89
Interfund Accounts Receivable			-
Accounts Receivable:			
State	28.29		28.29
Federal	1,099.03		1,099.03
Other		2,960.36	2,960.36
Inventories	1,021.93		1,021.93
<b>Total Current Assets</b>	<u>24,674.99</u>	<u>54,588.51</u>	<u>79,263.50</u>
Fixed Assets:			
Equipment	26,613.00	65,334.00	91,947.00
Accumulated depreciation	(26,613.00)	(22,522.15)	(49,135.15)
<b>Total Fixed Assets</b>	<u>-</u>	<u>42,811.85</u>	<u>42,811.85</u>
<b>Total assets</b>	<u>24,674.99</u>	<u>97,400.36</u>	<u>122,075.35</u>
<b>LIABILITIES AND NET POSITION:</b>			
Current liabilities:			
Accounts payable		3,527.91	3,527.91
Deferred revenue		11,549.00	11,549.00
<b>Total current liabilities</b>	<u>-</u>	<u>15,076.91</u>	<u>15,076.91</u>
<b>Total liabilities</b>	<u>-</u>	<u>15,076.91</u>	<u>15,076.91</u>
Net Position			
Invested in capital assets, net of related debt	-	42,811.85	42,811.85
Unrestricted net position	24,674.99	39,511.60	64,186.59
<b>Total net position</b>	<u>24,674.99</u>	<u>82,323.45</u>	<u>106,998.44</u>
<b>Total liabilities and net position</b>	<u>\$ 24,674.99</u>	<u>97,400.36</u>	<u>122,075.35</u>

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Enterprise Funds**  
**Combining Schedule of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**For the Fiscal Year ended June 30, 2016**

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	Community Service Programs				2016
	Food Service	School Plays	Performing Arts	Latchkey	
<b>OPERATING REVENUES:</b>					
Local Sources:					
Daily Sales - Reimbursable Programs	\$ 11,165.10				11,165.10
Daily Sales - Non-Reimbursable Programs	20,951.07				20,951.07
Latchkey				63,833.72	63,833.72
School Store				30.00	30.00
Community Recreation		6,363.00	35,926.00		42,289.00
<b>Total Operating Revenues</b>	<b>32,116.17</b>	<b>6,363.00</b>	<b>35,926.00</b>	<b>63,863.72</b>	<b>138,268.89</b>
<b>OPERATING EXPENSES:</b>					
Salaries	50,752.43		36,059.20	44,387.09	131,198.72
Employee benefits	-		2,773.78	3,320.33	6,094.11
Supplies and materials	7,460.50	2,149.41	16,012.19	1,585.33	27,207.43
Cost of sales	36,333.82				36,333.82
Vehicle expense	379.36				379.36
Other Objects	211.00				211.00
Depreciation	1,173.00		12,208.90		13,381.90
<b>Total operating expenses</b>	<b>96,310.11</b>	<b>2,149.41</b>	<b>67,054.07</b>	<b>49,292.75</b>	<b>214,806.34</b>
<b>Operating income (loss)</b>	<b>(64,193.94)</b>	<b>4,213.59</b>	<b>(31,128.07)</b>	<b>14,570.97</b>	<b>(76,537.45)</b>
<b>Nonoperating revenues:</b>					
State sources					
State school lunch program	384.23				384.23
Federal sources					
Nutrition reimbursements	16,045.57				16,045.57
USDA commodities	901.31				901.31
Interest Revenues	31.58				31.58
<b>Total nonoperating revenues</b>	<b>17,362.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,362.69</b>
<b>Net income (loss) before operating transfers</b>	<b>(46,831.25)</b>	<b>4,213.59</b>	<b>(31,128.07)</b>	<b>14,570.97</b>	<b>(59,174.76)</b>
<b>Other Financing Sources/(Uses)</b>					
Cancellation of Interfund			53,686.00		53,686.00
Adjustment to Fixed Assets			(29,989.24)		(29,989.24)
Transfer in from General Fund	50,752.43				50,752.43
<b>Net Income (Loss)</b>	<b>3,921.18</b>	<b>4,213.59</b>	<b>(7,431.31)</b>	<b>14,570.97</b>	<b>15,274.43</b>
<b>Unrestricted net position, July 1</b>	<b>20,753.81</b>	<b>21,732.00</b>	<b>55,353.20</b>	<b>(6,115.00)</b>	<b>91,724.01</b>
<b>Unrestricted net position/(deficit) June 30</b>	<b>\$ 24,674.99</b>	<b>25,945.59</b>	<b>47,921.89</b>	<b>8,455.97</b>	<b>106,998.44</b>

**City of Margate School District  
(A Component Unit of the City of Margate)  
Combining Schedule of Cash Flows  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2016**

	<u>Food Service</u>	<u>Community Service Programs</u>	<u>Total Enterprise</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 32,116.17	108,136.36	140,252.53
Payments to employees	(50,752.43)	(86,540.40)	(137,292.83)
Payments to suppliers	(43,490.30)	(16,219.02)	(59,709.32)
Net cash provided by/(used for) operating activities	<u>(62,126.56)</u>	<u>5,376.94</u>	<u>(56,749.62)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	395.94		395.94
Federal Sources	16,056.35		16,056.35
Operating subsidies and transfers from other funds	50,752.43		50,752.43
Net cash provided by non-capital financing activities	<u>67,204.72</u>	<u>-</u>	<u>67,204.72</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets		(3,528.79)	(3,528.79)
Net cash (used) by capital & related financing activities	<u>-</u>	<u>(3,528.79)</u>	<u>(3,528.79)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interfund loans received		-	-
Interest and dividends	31.58		31.58
Net cash provided by investing activities	<u>31.58</u>	<u>-</u>	<u>31.58</u>
Net increase in cash and cash equivalents	5,109.74	1,848.15	6,957.89
Balances—beginning of year	17,416.00	49,780.00	67,196.00
Balances—end of year	<u>22,525.74</u>	<u>51,628.15</u>	<u>74,153.89</u>
<b>Reconciliation of operating income (loss) to net cash provided</b>			
<b>(used) by operating activities:</b>			
Operating income/(loss)	<u>(64,193.94)</u>	<u>(12,343.51)</u>	<u>(76,537.45)</u>
Adjustments to reconcile operating (loss) to net cash provided by/(used for) operating activities:			
Depreciation expense	1,173.00	12,208.90	13,381.90
Federal commodities	901.31		901.31
Decrease in accounts receivable		(189.36)	(189.36)
Decrease in inventories	37.07		37.07
Increase in deferred revenue		2,173.00	2,173.00
(Decrease) in deposits payable		-	-
Increase in accounts payable	(44.00)	3,527.91	3,483.91
Increase in compensated absences payable	-		-
Total adjustments	<u>2,067.38</u>	<u>17,720.45</u>	<u>19,787.83</u>
Net cash provided by/(used for) operating activities	<u>\$ (62,126.56)</u>	<u>5,376.94</u>	<u>(56,749.62)</u>

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**FIDUCIARY FUNDS**

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**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2016**

	Student Activity	Payroll Agency	Expendable Trusts		2016	2015
			Unemployment Compensation	Scholarship		
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 11,748.37	100,403.78	84,117.42	2,343.66	198,613.23	89,495.00
Total Assets	<u>11,748.37</u>	<u>100,403.78</u>	<u>84,117.42</u>	<u>2,343.66</u>	<u>198,613.23</u>	<u>89,495.00</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Payroll deductions and withholdings		33,214.20			33,214.20	7,937.00
Interfund payable		67,189.58			67,189.58	4,481.00
Due to student groups	11,748.37				11,748.37	
Total Liabilities	<u>11,748.37</u>	<u>100,403.78</u>	<u>-</u>	<u>-</u>	<u>112,152.15</u>	<u>12,418.00</u>
<b>Fund Balances:</b>						
Unreserved			84,117.42	2,343.66	86,461.08	77,077.00
Total liabilities and fund balance	<u>\$ 11,748.37</u>	<u>100,403.78</u>	<u>84,117.42</u>	<u>2,343.66</u>	<u>198,613.23</u>	<u>89,495.00</u>

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2016**

	Unemployment Trust	Scholarship Trust	Total 2016	Total 2015
<b>OPERATING REVENUES:</b>				
Local Sources:				
Deductions from Employees' Salaries	\$ 10,047.86		10,047.86	9,586.00
Interest on Investments	115.92	3.66	119.58	111.00
Total Operating Revenues	10,163.78	3.66	10,167.44	9,697.00
<b>OPERATING EXPENDITURES:</b>				
Unemployment Compensation Insurance Claims	683.36		683.36	5,348.00
Scholarships awarded		100.00	100.00	100.00
Total Operating Expenditures	683.36	100.00	783.36	5,448.00
Excess of Revenues over Expenditures	9,480.42	(96.34)	9,384.08	4,249.00
Fund Balance, July 1	74,637.00	2,440.00	77,077.00	72,828.00
Fund Balance, June 30	\$ 84,117.42	2,343.66	86,461.08	77,077.00

**CITY OF MARGATE SCHOOL DISTRICT  
(A Component Unit of the City of Margate)  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements**

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	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and cash equivalents	\$ 4,480.96	15,219.69	7,952.28	11,748.37
Total assets	<u>4,480.96</u>	<u>15,219.69</u>	<u>7,952.28</u>	<u>11,748.37</u>
LIABILITIES:				
Due to Student groups	4,480.96	15,219.69	7,952.28	11,748.37
Total liabilities:	<u>4,480.96</u>	<u>15,219.69</u>	<u>7,952.28</u>	<u>11,748.37</u>

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2016**

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	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 7,937.35	3,705,150.33	3,612,683.90	100,403.78
Total assets	7,937.35	3,705,150.33	3,612,683.90	100,403.78
<b>LIABILITIES:</b>				
Payroll deductions and withholdings Interfund payable	7,937.35 - -	3,637,960.75 67,189.58	3,612,683.90 -	33,214.20 67,189.58
Total liabilities:	\$ 7,937.35	3,705,150.33	3,612,683.90	100,403.78

**LONG-TERM DEBT**

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**CITY OF MARGATE SCHOOL DISTRICT  
 (A Component Unit of the City of Margate)  
 Long-Term Debt  
 Statement of Obligations Under Capital Leases  
 June 30, 2016**

Series	Date of Inception	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 6/30/2015	Issued Current Year	Retired Current Year	Amount Outstanding 6/30/2016
Thomas Bus Type B - 24 Passenger Wheelchair Gasoline	12/8/10	3.60%	53,700 \$	11,208.09		11,208.09	-
2015 Ford Transit Wagon 8 Passenger Full Size Van	4/16/15	3.85%	27,419	21,513.26		5,077.50	16,435.76
				<u>\$ 32,721.35</u>	<u>-</u>	<u>16,285.59</u>	<u>16,435.76</u>

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## **Statistical Section**

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**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*Unaudited*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Invested in capital assets	\$ 22,873,625.00	22,034,346.00	22,140,761.00	20,958,527.00	20,278,829.00	19,738,614.00	16,325,554.00	15,788,030.00	15,575,378.00	16,690,075.74
Restricted	2,001,317.00	2,476,616.00	2,283,403.00	1,457,396.00	2,039,609.00	2,022,375.00	1,654,071.00	1,536,306.00	1,574,907.00	1,558,415.77
Unrestricted	(645,894.00)	(842,923.00)	(1,176,543.00)	(223,275.00)	(337,321.00)	(303,746.00)	(325,149.00)	(3,040,979.00)	(3,018,642.00)	(3,195,729.76)
<b>Total governmental activities net position</b>	<u>24,229,048.00</u>	<u>23,668,039.00</u>	<u>23,247,621.00</u>	<u>22,192,648.00</u>	<u>21,981,117.00</u>	<u>21,457,243.00</u>	<u>17,654,476.00</u>	<u>14,283,357.00</u>	<u>14,131,643.00</u>	<u>15,052,761.75</u>
<b>Business-type activities</b>										
Invested in capital assets	1,056.00	480.00	-	-	-	-	-	11,392.00	82,654.00	42,811.85
Unrestricted	(71,336.00)	(65,799.00)	28,728.00	20,601.00	19,373.00	28,147.00	72,700.00	74,247.00	9,070.00	64,186.59
<b>Total business-type activities net position</b>	<u>(70,280.00)</u>	<u>(65,319.00)</u>	<u>28,728.00</u>	<u>20,601.00</u>	<u>19,373.00</u>	<u>28,147.00</u>	<u>72,700.00</u>	<u>85,639.00</u>	<u>91,724.00</u>	<u>106,988.44</u>
<b>District-wide</b>										
Invested in capital assets	22,874,681.00	22,034,826.00	22,140,761.00	20,958,527.00	20,278,829.00	19,738,614.00	16,325,554.00	15,799,422.00	15,658,032.00	16,732,887.59
Restricted	2,001,317.00	2,476,616.00	2,283,403.00	1,457,396.00	2,039,609.00	2,022,375.00	1,654,071.00	1,536,306.00	1,574,907.00	1,558,415.77
Unrestricted	(717,230.00)	(908,722.00)	(1,147,815.00)	(202,674.00)	(317,948.00)	(275,599.00)	(252,449.00)	(2,966,732.00)	(3,009,572.00)	(3,131,543.17)
<b>Total district net position</b>	<u>\$ 24,158,768.00</u>	<u>23,602,720.00</u>	<u>23,276,349.00</u>	<u>22,213,249.00</u>	<u>22,000,490.00</u>	<u>21,485,390.00</u>	<u>17,727,176.00</u>	<u>14,368,996.00</u>	<u>14,223,367.00</u>	<u>15,159,760.19</u>

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

Source: CAFR Schedule A-1

CITY OF MARGATE SCHOOL DISTRICT  
(A Component Unit of the City of Margate)  
Changes in Net Position, Last Ten Fiscal Years  
*Unaudited*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	4,720,511.00	4,643,439.00	4,874,372.00	4,560,458.00	4,578,612.00	4,239,640.00	4,849,421.00	4,799,609.00	5,287,128.11	5,771,312.82
Special education	447,222.00	458,167.00	488,094.00	507,067.00	751,511.00	863,584.00	928,788.00	861,803.00	1,045,663.92	1,382,030.41
Other special education	287,930.00	280,168.00	285,220.00	248,047.00	260,085.00	283,833.00	165,974.00	170,246.00	331,248.03	512,939.21
Other instruction	476,225.00	447,281.00	84,001.00	91,501.00	67,329.00	85,122.00	83,884.00	90,441.00	90,715.91	94,965.54
Nonpublic school programs	69,505.00	55,575.00								
Support services:										
Tuition	3,302,188.00	3,334,576.00	3,692,629.00	3,583,924.00	3,036,637.00	3,090,584.00	3,355,148.00	3,165,870.00	3,266,628.62	1,942,699.98
Student & instruction related services	1,444,039.00	1,506,205.00	1,684,932.00	1,845,461.00	1,537,402.00	1,725,851.00	1,857,446.00	1,658,039.00	1,952,984.59	3,243,251.92
General administrative services	702,743.00	306,158.00	784,398.00	290,416.00	210,823.00	206,861.00	232,750.00	232,389.00	230,833.88	266,780.42
School administrative services	319,616.00	681,137.00	308,039.00	788,359.00	816,721.00	762,134.00	728,892.50	775,791.00	753,755.53	637,939.19
Administrative information technology	13,704.00	17,806.00	18,188.00	17,935.00	20,099.00	20,662.00	21,973.50	22,213.00	25,344.04	18,366.00
Plant operations and maintenance	2,176,415.00	1,894,325.00	1,627,141.00	1,702,436.00	1,352,178.00	1,718,676.00	1,519,420.50	1,596,355.00	1,663,556.56	1,543,791.64
Pupil transportation	365,333.00	364,106.00	425,262.00	369,727.00	483,293.00	553,188.00	567,160.50	503,149.00	527,558.12	416,894.92
Capital outlay	21,951.00							63,240.00	50,957.00	63,240.00
Total governmental activities expenses	14,347,382.00	13,988,943.00	14,272,276.00	13,805,331.00	13,114,690.00	13,550,135.00	14,310,858.00	13,939,145.00	15,246,274.00	15,894,212.05
Business-type activities:										
Food Service	149,185.00	155,445.00	167,474.00	103,335.00	118,379.00	116,099.00	106,443.00	131,629.00	123,513.00	96,310.11
Community Service Programs	281,618.00	247,365.00	602,470.00	296,101.00	51,156.00	52,470.00	69,436.00	76,603.00	97,070.00	118,496.23
Total business-type activities expense	430,803.00	402,810.00	769,944.00	399,436.00	169,535.00	168,569.00	175,879.00	208,232.00	220,583.00	214,806.34
Total district expenses	14,778,185.00	14,391,753.00	15,042,220.00	14,204,767.00	13,284,225.00	13,718,704.00	14,486,737.00	14,147,377.00	15,466,857.00	16,109,018.39
<b>Program Revenues</b>										
Governmental activities:										
Charges for service	791,419.00	822,310.00	921,101.00	902,276.00	859,799.00	713,642.00	790,963.00	817,996.00	894,536.00	841,256.00
Operating grants and contributions	1,447,204.00	1,470,246.00	962,558.00	1,019,045.00	1,064,459.00	1,143,405.00	1,451,961.00	1,139,627.00	2,699,276.00	3,539,580.13
Total governmental activities program revenues	2,238,623.00	2,292,556.00	1,883,659.00	1,921,321.00	1,924,258.00	1,857,047.00	2,242,924.00	1,957,623.00	3,593,812.00	4,380,836.13
Business-type activities:										
Charges for services										
Food Service	32,898.00	28,353.00	29,283.00	35,363.00	43,803.00	35,382.00	42,088.00	44,596.00	36,864.00	32,116.17
Community Service Programs	239,864.00	249,374.00	700,986.00	252,130.00	42,441.00	61,445.00	105,694.00	101,562.00	96,432.00	106,152.72
Operating grants and contributions	17,111.00	19,314.00	20,964.00	19,882.00	23,834.00	24,796.00	18,741.00	17,845.00	17,195.00	17,331.11
Total business type activities program revenues	289,873.00	297,041.00	751,233.00	307,375.00	110,078.00	121,623.00	166,523.00	164,003.00	150,491.00	155,600.00
Total district program revenues	2,528,496.00	2,589,597.00	2,634,892.00	2,228,696.00	2,034,336.00	1,978,670.00	2,409,447.00	2,121,626.00	3,744,303.00	4,536,436.13

**CITY OF MARGATE SCHOOL DISTRICT**  
**Changes in Net Position, Last Ten Fiscal Years**  
*Unaudited*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (12,108,759.00)	(11,696,387.00)	(12,388,617.00)	(11,884,010.00)	(11,190,432.00)	(11,693,068.00)	(12,067,934.00)	(11,981,522.00)	(11,652,462.00)	(11,513,375.92)
Business-type activities	(140,930.00)	(105,769.00)	(18,711.00)	(92,061.00)	(59,457.00)	(46,946.00)	(9,356.00)	(44,229.00)	(70,092.00)	(59,206.34)
Total district-wide net expense	<u>(12,249,689.00)</u>	<u>(11,802,156.00)</u>	<u>(12,407,328.00)</u>	<u>(11,976,071.00)</u>	<u>(11,249,889.00)</u>	<u>(11,740,034.00)</u>	<u>(12,077,290.00)</u>	<u>(12,025,751.00)</u>	<u>(11,722,554.00)</u>	<u>(11,572,582.26)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	10,173,118.00	10,173,118.00	10,173,118.00	9,987,118.00	10,536,409.00	10,536,409.00	10,536,409.00	10,511,408.00	10,511,408.00	10,511,408.00
Unrestricted grants and contributions	882,774.00	914,371.00	907,965.00	697,421.00	409,840.00	616,692.00	585,090.00	642,013.00	666,748.00	1,861,335.30
Transportation Fees							20,575.00			
Investment earnings	107,930.00	73,291.00	40,293.00	33,818.00	18,419.00	13,833.00	4,021.00	3,512.00	-	2,467.00
Miscellaneous income	134,942.00	85,640.00	3,986.00	181,665.00	147,269.00	101,473.00	113,445.00	85,923.00	385,767.00	163,722.80
Funds received from the City of Margate										
Schools Construction Corporation										
State of New Jersey, Board of Public Utilities										
Debt service assessment										
Special items					(75,050.00)	(43,645.00)	(69,899.00)	683.00		
Total governmental activities	<u>(95,435.00)</u>	<u>(111,042.00)</u>	<u>(112,613.00)</u>	<u>(63,717.00)</u>	<u>(57,985.00)</u>	<u>(55,589.00)</u>	<u>(63,870.00)</u>	<u>(57,131.00)</u>	<u>(76,140.00)</u>	<u>(53,686.00)</u>
Business-type activities:										
Investment earnings	618.00	198.00	145.00	217.00	244.00	131.00	39.00	37.00	37.00	31.58
Other adjustments										
Transfers	95,435.00	111,042.00	112,613.00	83,717.00	57,985.00	55,589.00	53,870.00	57,131.00	76,140.00	(29,989.24)
Total business-type activities	<u>96,053.00</u>	<u>111,240.00</u>	<u>112,758.00</u>	<u>83,934.00</u>	<u>58,229.00</u>	<u>55,720.00</u>	<u>53,909.00</u>	<u>57,168.00</u>	<u>76,177.00</u>	<u>104,438.43</u>
Total district-wide	<u>11,299,382.00</u>	<u>11,246,618.00</u>	<u>11,129,309.00</u>	<u>10,912,969.00</u>	<u>11,037,131.00</u>	<u>11,224,935.00</u>	<u>8,319,076.00</u>	<u>11,419,302.00</u>	<u>11,576,925.00</u>	<u>12,508,975.44</u>
<b>Change in Net Position</b>										
Governmental activities	(905,430.00)	(661,009.00)	(1,372,066.00)	(1,054,975.00)	(211,530.00)	(523,873.00)	(3,802,767.00)	(619,388.00)	(151,714.00)	921,118.75
Business-type activities	(44,877.00)	5,471.00	94,047.00	(8,127.00)	(1,228.00)	8,774.00	44,553.00	12,939.00	6,085.00	15,274.43
Total district	<u>(950,307.00)</u>	<u>(655,538.00)</u>	<u>(1,278,019.00)</u>	<u>(1,063,102.00)</u>	<u>(212,758.00)</u>	<u>(515,099.00)</u>	<u>(3,758,214.00)</u>	<u>(606,449.00)</u>	<u>(145,629.00)</u>	<u>936,393.18</u>

Source: CAFR Schedule A-2

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**Unaudited**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted					1,635,446.00	1,792,708.00	1,391,486.00	1,333,520.00	1,246,052.00	1,219,199.07
Assigned					404,163.00	229,667.00	262,585.00	202,786.00	328,855.00	339,216.70
Unassigned					250,000.00	231,249.00	221,382.00	221,490.00	291,408.00	301,957.00
Reserved	2,001,317.00	2,476,616.00	2,283,403.00	1,457,396.00						
Unreserved	222,614.00	225,220.00	207,721.00	182,933.00						
Total general fund	2,223,931.00	2,701,836.00	2,491,124.00	1,640,329.00	2,289,609.00	2,253,624.00	1,875,453.00	1,757,796.00	1,866,315.00	1,860,372.77
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	(1,109.00)	(1,109.00)	-	-	-	-	-	-	-	-
Total all other governmental funds	(1,109.00)	(1,109.00)	-	-	-	-	-	-	-	-

Source: CAFR Schedule B-1



**CITY OF MARGATE SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*Unaudited*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	\$ 10,173,118.00	10,173,118.00	10,173,118.00	9,987,118.00	10,536,409.00	10,536,409.00	10,536,409.00	10,511,408.00	10,511,408.00	10,511,408.00
Tuition charges	791,419.00	822,310.00	921,101.00	902,276.00	859,799.00	713,642.00	790,963.00	817,996.00	894,536.00	841,256.00
Transportation Fees							20,575.00			
Interest earnings	107,930.00	73,291.00	40,293.00	33,818.00	18,419.00	13,833.00	4,021.00	3,512.00	3,157.00	3,157.00
Miscellaneous	134,942.00	85,640.00	3,956.00	181,665.00	147,269.00	101,473.00	113,445.00	85,923.00	362,610.00	163,032.80
Local sources	55,745.00	98,823.00	70,685.00	27,669.00	27,809.00	30,707.00	22,270.00	22,270.00	22,576.00	19,657.92
State sources	1,982,247.00	2,010,726.00	1,561,634.00	1,378,151.00	1,131,614.00	1,473,639.00	1,821,280.00	1,502,202.00	1,671,934.00	3,565,754.62
Federal sources	281,985.00	275,066.00	238,203.00	310,646.00	314,876.00	255,742.00	193,021.00	257,168.00	582,983.00	244,929.89
Total revenue	13,537,386.00	13,538,974.00	13,008,990.00	12,821,343.00	13,036,195.00	13,125,445.00	13,502,464.00	13,200,481.00	14,049,204.00	15,349,196.23
<b>Expenditures</b>										
Instruction										
Regular Instruction	3,524,097.00	3,535,494.00	3,852,547.00	3,757,746.00	3,533,259.00	3,257,969.00	3,650,045.00	3,736,712.00	3,716,924.00	3,728,275.71
Special education instruction	331,302.00	351,422.00	377,386.00	417,950.00	574,766.00	652,140.00	689,544.00	654,142.00	727,694.00	884,343.45
Other special instruction	212,028.00	216,183.00	221,675.00	203,766.00	199,068.00	214,348.00	122,947.00	129,238.00	237,749.00	316,025.22
Other instruction	345,391.00	340,432.00	61,018.00	70,678.00	51,274.00	63,980.00	59,721.00	68,823.00	60,472.00	94,965.54
Nonpublic school programs	69,505.00	55,575.00								
Support Services:										
Tuition	2,309,581.00	2,448,833.00	2,777,429.00	2,892,861.00	2,165,111.00	2,175,007.00	2,398,474.00	2,343,182.00	2,221,230.00	1,892,798.47
Student & instruction related services	1,066,386.00	1,167,289.00	1,311,368.00	1,341,033.00	1,181,383.00	1,309,101.00	1,366,897.00	1,261,814.00	1,356,867.00	1,356,716.44
General administrative services	507,300.00	519,687.00	611,383.00	238,702.00	160,552.00	151,645.00	172,345.00	177,121.00	159,133.00	142,442.13
School Administrative services	233,993.00	232,374.00	240,961.00	648,050.00	613,366.00	544,363.00	498,877.00	578,278.00	525,195.00	457,989.59
Administrative Information Technology	10,174.00	13,680.00	14,228.00	14,798.00	15,390.00	15,698.00	16,326.00	16,980.00	17,660.00	18,366.00
Plant operations and maintenance	1,552,958.00	1,403,395.00	1,188,993.00	1,346,054.00	911,397.00	1,260,992.00	1,081,835.00	1,200,092.00	1,132,723.00	1,187,824.19
Pupil transportation	263,575.00	269,098.00	332,016.00	296,476.00	363,301.00	414,075.00	415,571.00	361,710.00	355,567.00	285,765.76
Unallocated employee benefits	2,292,621.00	2,286,656.00	1,939,389.00	2,246,083.00	2,249,507.00	2,532,386.00	2,856,547.00	2,538,930.00	2,750,651.00	3,013,085.87
Charter Schools	117,897.00	82,068.00	100,678.00	63,937.00	193,266.00	341,825.00	375,423.00	156,753.00	600,716.00	1,822,200.15
Capital outlay	119,944.00	27,841.00	80,741.00	63,017.00	140,136.00	128,719.00	62,314.00	37,915.00	34,929.00	49,901.51
Total expenditures	12,956,752.00	12,950,027.00	13,109,812.00	13,601,151.00	12,351,776.00	13,062,248.00	13,766,866.00	13,261,690.00	13,897,510.00	15,250,700.03
Excess (Deficiency) of revenues over (under) expenditures	\$ 580,634.00	588,947.00	(100,822.00)	(779,808.00)	684,419.00	63,197.00	(264,402.00)	(61,209.00)	151,694.00	98,496.20

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*Unaudited*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Other financing sources (uses)</b>										
City of Margate Bond Proceeds								683.00	32,965.00	(53,686.00)
Cancellation of prior year interfunds										
Schools Construction Corporation										
State of NJ, Board of Public Utilities			101.00	12,730.00	52.00					
Cancellation of prior year purchase orders										
Insurance & FEMA recoveries for										
Storm Damage							173,511.00			
Expenses related to Storm Damage					(75,050.00)	(43,645.00)	(173,511.00)			
Debt service assessment					97,896.00		(59,899.00)			
Capital leases (non-budgeted)					(57,985.00)	(55,589.00)	(53,870.00)	(57,131.00)	(76,140.00)	(50,752.43)
Transfers out	(93,435.00)	(111,042.00)	(112,613.00)	(83,717.00)	(57,985.00)	(55,589.00)	(53,870.00)	(57,131.00)	(76,140.00)	(50,752.43)
Total other financing sources (uses)	(93,435.00)	(111,042.00)	(112,512.00)	(70,987.00)	(35,139.00)	(99,182.00)	(113,769.00)	(56,448.00)	(43,175.00)	(104,438.43)
Net change in fund balances	\$ 487,199.00	477,905.00	(213,334.00)	(850,795.00)	649,280.00	(35,985.00)	(378,171.00)	(117,657.00)	108,519.00	(5,942.23)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: CAFR Schedule B-2

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**General Fund Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Interest on Investments	Community Services	Rentals	Energy Credits (A)	Reimbursement from City for				Misc.	Total
					Insurance Refund	Services Provided	Prior Year Refunds			
2007	\$ 107,930.00	81,011.00				53,644.00		287.00	242,872.00	
2008	73,291.00	84,340.00	175.00					1,125.00	158,931.00	
2009	40,293.00		1,800.00					2,156.00	44,249.00	
2010	33,818.00		3,350.00	145,878.00				32,437.00	215,483.00	
2011	18,419.00			136,240.00		9,213.00		1,816.00	165,688.00	
2012	13,833.00			93,000.00		3,371.00		5,102.00	115,306.00	
2013	4,021.00			63,562.00	34,852.00	13,652.00		36,901.00	152,988.00	
2014	3,512.00			78,720.00		320.00		6,883.00	89,435.00	
2015	3,157.00		550.00	55,377.00			241,923.00	64,760.00	365,767.00	
2016	2,467.00		1,900.00	127,980.00				33,842.80	166,189.80	

(A) - effective with the June 2012 sale, the District changed their method of treating the sale of the solar renewal energy credits. During the 2011 and prior fiscal years, it was the policy of the District to refund the budget appropriation line item for all or a portion of the amount of revenue received. It will now be the policy of the District to treat the full amount of funds received as revenue.

Source: District Records

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Assessed Value and Actual Value of Taxable Property**  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Assessed Value							Less: Tax-Exempt Property	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment						
2007	60,952,800	3,202,948,900			88,380,100		8,149,300	3,360,431,100	1,056,150	3,361,487,250	0.303	3,817,289,191	
2008	50,002,800	3,258,966,500			90,548,900		7,269,200	3,406,787,400	1,059,306	3,407,846,706	0.299	4,036,298,361	
2009	47,591,600	3,289,114,700			90,781,000		6,712,000	3,434,199,300	1,080,530	3,435,289,830	0.296	4,163,987,673	
2010	47,714,300	3,311,966,600			89,331,100		6,712,000	3,455,724,000	1,082,629	3,456,806,629	0.289	4,101,574,073	
2011	42,642,600	3,330,344,600			89,681,100		6,712,000	3,469,380,300	943,758	3,470,324,058	0.304	4,031,978,689	
2012	46,406,100	3,342,473,600			89,389,500		6,712,000	3,484,981,200	943,653	3,485,924,853	0.302	3,933,120,674	
2013	55,045,200	3,350,186,600			87,702,200		6,712,000	3,489,646,000	909,050	3,500,555,050	0.301	3,865,453,898	
2014	61,478,900	3,369,631,300			88,235,000		6,593,300	3,525,938,500	632,942	3,526,571,442	0.298	3,875,779,143	
2015	60,171,500	3,405,132,100			88,072,800		6,595,200	3,559,971,600	635,737	3,560,607,337	0.295	3,931,766,052	
2016	60,276,300	3,444,609,200			87,287,100		6,595,200	3,598,767,800	618,498	3,599,386,298	0.292	3,974,587,343	

Source: District records Tax list summary & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> Tax rates are per \$100

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Direct and Overlapping Property Tax Rates**  
**Rate per \$100 of Assessed Value**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	City of Margate Board of Education			City of Margate			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	City of Margate	Local Municipal Library <sup>c</sup>	Atlantic County	
2007	\$ 0.303	0.044	0.347	0.518		0.315	1.180
2008	0.299	0.044	0.343	0.561		0.306	1.210
2009	0.293	0.043	0.336	0.581		0.330	1.247
2010	0.297	0.043	0.340	0.592		0.346	1.278
2011	0.304	0.029	0.333	0.576	0.038	0.387	1.334
2012	0.303	0.043	0.346	0.602	0.037	0.388	1.373
2013	0.301	0.043	0.344	0.601	0.037	0.482	1.464
2014	0.298	0.042	0.340	0.602	0.037	0.481	1.460
2015	0.295	0.043	0.338	0.600	0.037	0.513	1.488
2016	0.293	0.042	0.335	0.613	0.036	0.528	1.512

Source: District Records and Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy, when added to other components of the district's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Effective with the 2011 tax year the amount to be raised by taxation to fund municipal free libraries is displayed separately on the tax bill and the municipal tax levy and rate is reduced by this amount. Previously, the library tax was combined with the local tax levy on the tax bill.

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Principal Property Tax Payers,**  
**Current Year and Nine Years Ago**  
*Unaudited*

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Taxpayer #1	5,933,700	1	0.16%	Information not available		
Taxpayer #2	4,348,600	2	0.12%			
Taxpayer #3	4,325,000	3	0.12%			
Margate Partners, LLC	4,081,200	4				
Taxpayer #4	4,051,700	5	0.11%			
Star Bright Star Light, LLC	3,740,900	6	0.10%			
Taxpayer #5	3,548,000	7	0.10%			
Taxpayer #6	3,511,400	8	0.10%			
Center Point Plaza, Inc.	3,432,400	9	0.10%			
Holy Name Province	3,350,900	10	0.09%			
Taxpayer #7			0.00%			
Taxpayer #8			0.00%			
Samanda Properties, LLC						
<b>Total</b>	<b>40,323,800</b>		<b>1.01%</b>	<b>-</b>		<b>0.00%</b>

Total Assessed Value

3,599,386,298

Source: District CAFR & Municipal Tax Assessor  
 District Total Taxable Value

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**  
*Unaudited*

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	
2007	\$ 10,173,118.00	10,173,118.00	100%	-
2008	10,173,118.00	10,173,118.00	100%	-
2009	10,173,118.00	10,173,118.00	100%	-
2010	9,987,118.00	9,987,118.00	100%	-
2011	10,536,409.00	10,536,409.00	100%	-
2012	10,536,409.00	10,536,409.00	100%	-
2013	10,536,409.00	10,536,409.00	100%	-
2014	10,511,408.00	10,511,408.00	100%	-
2015	10,511,408.00	10,511,408.00	100%	-
2016	10,511,408.00	10,511,408.00	100%	-

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

**Note:** 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 is the amount voted upon or certified prior to the end of the school year.

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANS)	Capital Leases				
2007	15,740,000.00	-	-	-	-	15,740,000.00	0.01%	1,850	
2008	14,965,000.00	-	-	-	-	14,965,000.00	0.01%	1,762	
2009	14,165,000.00	-	-	-	-	14,165,000.00	0.01%	1,662	
2010	13,035,000.00	-	-	-	-	13,035,000.00	0.02%	2,050	
2011	12,135,000.00	-	97,066.00	-	-	12,232,066.00	0.02%	1,927	
2012	11,605,000.00	-	75,668.00	-	-	11,680,668.00	0.02%	1,842	
2013	10,580,000.00	-	55,255.00	-	-	10,635,255.00	0.02%	1,675	
2014	9,535,000.00	-	33,442.00	-	-	9,568,442.00	0.02%	1,516	
2015	11,792,834.00	-	32,721.00	-	-	11,825,555.00	0.02%	1,887	
2016	10,594,050.60	-	16,435.76	-	-	10,610,486.36	0.02%	1,701	

Source: District CAFR Schedules I-1 and City's Annual Debt Statement

<sup>a</sup> See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.



**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	15,740,000.00	-	15,740,000.00	0.47%	1,850
2008	14,965,000.00	-	14,965,000.00	0.44%	1,762
2009	14,165,000.00	-	14,165,000.00	0.41%	1,662
2010	13,035,000.00	-	13,035,000.00	0.38%	2,050
2011	12,135,000.00	-	12,135,000.00	0.35%	1,911
2012	11,605,000.00	-	11,605,000.00	0.33%	1,830
2013	10,580,000.00	-	10,580,000.00	0.30%	1,666
2014	9,535,000.00	-	9,535,000.00	0.27%	1,510
2015	11,792,834.00	-	11,792,834.00	0.33%	1,882
2016	10,594,050.60	-	10,594,050.60	0.29%	1,699

**Note:** The City of Margate School District is a Type I District. As a result, debt related to the District is an obligation of the City of Margate.

- a** See Exhibit NJ J-6 for property tax data.
- b** Population data can be found in Exhibit NJ J-14.

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2016**  
**Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
City of Margate	\$ 39,338,727.73	100.00%	39,338,727.73
Atlantic County	155,437,198.54	9.11%	14,154,026.09
<b>Other debt</b>			
None			
Subtotal, overlapping debt			53,492,753.82
<b>City of Margate School District debt</b>	10,594,050.60	100.00%	<u>10,594,050.60</u>
<b>Total direct and overlapping debt</b>			<u>\$ 64,086,804.42</u>

**Sources:** City of Margate Finance Officer and Atlantic County Finance Office

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Margate. This process recognizes that, when considering the 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.

The City of Margate School District is a Type I District. As a result, debt related to the District is an obligation of the City of Margate.

- a** 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 district's boundaries and dividing it by each unit's total taxable value.

**CITY OF MARGATE SCHOOL DISTRICT**  
 (A Component Unit of the City of Margate)  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years  
*Unaudited*

<b>Legal Debt Margin Calculation for Fiscal Year 2016</b>																														
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016																				
Debt limit	95,148,552.00	109,276,149.00	118,659,735.00	121,843,280.00	122,192,050.00	120,042,194.00	117,777,260.00	116,088,978.00	115,525,670.00	115,937,145.03																				
Total net debt applicable to limit	15,740,000.00	14,965,000.00	14,165,000.00	13,035,000.00	12,135,000.00	11,605,000.00	10,580,000.00	9,535,000.00	11,792,834.00	10,594,050.60																				
Legal debt margin	<u>79,408,552.00</u>	<u>94,311,149.00</u>	<u>104,494,735.00</u>	<u>108,808,280.00</u>	<u>110,057,050.00</u>	<u>108,437,194.00</u>	<u>107,197,260.00</u>	<u>106,553,978.00</u>	<u>103,732,836.00</u>	<u>105,343,094.43</u>																				
Total net debt applicable to the limit as a percentage of debt limit	16.54%	13.69%	11.94%	10.70%	9.93%	9.67%	8.98%	8.21%	10.21%	9.14%																				
<p style="text-align: center;">Average equalized valuation of taxable property</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4" style="text-align: center;">Equalized valuation basis</th> </tr> <tr> <th></th> <th>2015</th> <th>2014</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td></td> <td>3,889,404,130.00</td> <td>3,856,122,860.00</td> <td>3,846,187,493.00</td> </tr> <tr> <td></td> <td colspan="3" style="border-top: 1px solid black;"><u>11,593,714,503.00</u></td> </tr> <tr> <td></td> <td colspan="3" style="border-top: 1px solid black;"><u>3,864,571,501.00</u></td> </tr> </tbody> </table>											Equalized valuation basis					2015	2014	2013		3,889,404,130.00	3,856,122,860.00	3,846,187,493.00		<u>11,593,714,503.00</u>				<u>3,864,571,501.00</u>		
Equalized valuation basis																														
	2015	2014	2013																											
	3,889,404,130.00	3,856,122,860.00	3,846,187,493.00																											
	<u>11,593,714,503.00</u>																													
	<u>3,864,571,501.00</u>																													
<p style="text-align: center;">Debt limit (3% of average) equalization</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td></td> <td colspan="3" style="border-top: 1px solid black;"><u>115,937,145.03</u></td> </tr> <tr> <td></td> <td colspan="3" style="border-top: 1px solid black;"><u>10,594,050.60</u></td> </tr> <tr> <td></td> <td colspan="3" style="border-top: 1px solid black;"><u>105,343,094.43</u></td> </tr> </tbody> </table>												<u>115,937,145.03</u>				<u>10,594,050.60</u>				<u>105,343,094.43</u>										
	<u>115,937,145.03</u>																													
	<u>10,594,050.60</u>																													
	<u>105,343,094.43</u>																													

Source: Abstract of Ratables and District Records CAFR Schedule J-10

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
*Unaudited*

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2007	8,509	330,039	38,787	5.10%
2008	8,494	337,288	39,709	5.10%
2009	8,524	334,899	39,289	6.40%
2010	6,357	252,443	39,711	11.40%
2011	6,349	320,805	41,187	11.70%
2012	6,341	252,347	42,288	11.80%
2013	6,349	269,356	42,425	12.30%
2014	6,313	267,829	42,425	10.00%
2015	6,266	265,835	42,425	6.90%
2016	6,237	270,287	43,336	6.50%

**Source:**

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

b Personal income is calculated by multiplying per capita income by the population

c Per Capita Income US Department of Commerce, Bureau of Economic Analysis,  
November 2014

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Principal Employers,**  
**Current Year and Nine Years Ago**  
*Unaudited*

Employer	2016			2006		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%			0.00%
		2	0.00%			0.00%
		3	0.00%			0.00%
		4	0.00%			0.00%
		5	0.00%			0.00%
		6	0.00%			0.00%
		7	0.00%			0.00%
		8	0.00%			0.00%
		9	0.00%			0.00%
		10	0.00%			0.00%
	-		0.00%			-

**Source: City of Margate Chief Financial Officer**

The City does not maintain the above statistical data

GASB requires this table to present the principal taxpayers for the current year and nine years ago, however information from 2001 was not available.

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**  
*Unaudited*

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	31.00	33.00	35.00	44.50	40.00	36.00	36.00	36.60	37.05	37.05
Special education	10.00	9.00	9.00	8.50	10.00	12.00	12.00	11.00	11.74	11.74
Other special education	14.00	11.00	11.00	5.50	4.50	4.50	4.50	2.00	3.48	3.48
Other instruction	4.00	5.00	5.00	3.50	-	-	-	-	-	-
Support Services:										
Student & instruction related services	21.00	21.00	21.00	23.50	19.00	19.50	19.50	20.10	19.52	19.52
General administrative services	8.00	10.00	9.00	6.50	5.00	5.00	5.00	5.00	5.00	5.00
School administrative services	7.00	6.00	5.00	3.50	2.50	2.50	2.50	2.50	2.00	2.00
Plant operations and maintenance	1.00	1.00	1.00	1.50	12.50	13.50	13.00	13.00	13.00	13.00
Food Service	11.00	11.00	11.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
<b>Total</b>	<b>107.00</b>	<b>107.00</b>	<b>107.00</b>	<b>101.00</b>	<b>97.50</b>	<b>96.00</b>	<b>95.50</b>	<b>93.20</b>	<b>94.79</b>	<b>94.79</b>

GASB requires this table to present the full-time equivalent district employees by function/program for the current year and the previous nine years, however only the last nine years information was available.

**Source: District Personnel Records**

**CITY OF MARGATE SCHOOL DISTRICT**  
 (A Component Unit of the City of Margate)  
 Operating Statistics  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary School	Intermediate School	Middle School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	593	13,050,187.00	22,007.06	-19.39%	67	10.7:1	9.1:1	9.3:1	571	546	#DIV/0!	95.62%
2008	548	13,081,069.00	23,834.07	8.30%	60	12.1:1	12.7:1	10.3:1	541	508	-5.31%	94.03%
2009	609	13,222,425.00	21,711.70	-8.90%	57	10.9:1	9.9:1	8.3:1	588	553	8.75%	94.05%
2010	576	13,684,868.00	23,758.45	9.43%	61	8.4:1	7.5:1	7.3:1	575	533	-2.21%	92.70%
2011	506	12,409,761.00	24,296.00	2.26%	56	9.3:1	6.9:1	7.1:1	512	482	-10.96%	94.14%
2012	490	13,117,837.00	26,544.00	9.25%	56	8.9:1	-	8.5:1	490	466	-4.30%	95.10%
2013	475	13,820,736.00	29,096.29	9.62%	58	8.9:1	-	10.0:1	473	434	-3.47%	91.75%
2014	456	13,318,821.00	29,207.94	0.38%	61	9.0:1	-	10.0:1	456	423	-3.57%	92.74%
2015	430	13,973,650.00	32,496.86	11.69%	60	10.0:1	-	10.0:1	425	406	-6.82%	95.53%
2016	400	15,301,452.46	38,253.63	30.97%	63	9.0:1	-	9.0:1	399	382	-6.12%	95.74%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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).

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**School Building Information**  
**Last Ten Fiscal Years**  
*Unaudited*

<u>District Building</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Union Avenue Elementary School (B)</b>										
Square Feet	48,369	48,369	48,369	48,369	-	-	-	-	-	-
Capacity (students) (A)	227	227	227	227	-	-	-	-	-	-
Enrollment	225	204	231	203	-	-	-	-	-	-
<b>William H. Ross School</b>										
Square Feet	79,487	79,487	79,487	79,487	79,487	79,487	79,487	79,487	79,487	79,487
Capacity (students) (A)	232	232	232	232	273	273	273	273	273	273
Enrollment	184	175	189	175	268	249	242	239	232	214
<b>Eugene A. Tighe School</b>										
Square Feet	87,718	87,718	87,718	87,718	87,718	87,818	87,818	87,818	87,818	87,818
Capacity (students) (A)	257	257	257	257	257	257	257	257	257	257
Enrollment	184	169	189	198	249	242	233	217	198	186

Number of Schools at June 30, 2016  
 Elementary Schools - 1  
 Middle School - 1

**Source: District records, ASSA**

(A) - obtained from the District's Final Determination of Long Range Facilities Plan dated November 30, 2005.

(B) - school was closed effective June 30, 2010



**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**Last Ten Years**  
**Unaudited**

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXX

School Facilities	Project #	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>School Facilities</b>											
Union Avenue Elementary	00251.00	39,847.00	60,633.00	41,001.00	38,939.00	37,280.00	26,129.00	974.00	-	-	-
Eugene A. Tighe Middle	00251.00	72,085.00	72,191.00	74,357.00	71,616.00	78,155.00	112,882.00	130,264.00	137,531.00	136,824.00	163,974.80
William H. Ross III Intermediate	00251.00	65,314.00	60,634.00	67,380.00	66,799.00	130,004.00	190,663.00	194,465.00	231,489.00	205,236.00	245,962.65
<b>Grand Total</b>		<u>177,246.00</u>	<u>193,458.00</u>	<u>182,738.00</u>	<u>177,354.00</u>	<u>245,439.00</u>	<u>329,674.00</u>	<u>325,703.00</u>	<u>369,020.00</u>	<u>342,060.00</u>	<u>409,937.45</u>

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Insurance Schedule**  
**June 30, 2016**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building & Contents	250,000,000	5,000.00
Extra Expense - Blanket	5,000,000	5,000.00
Property Extensions of Coverage		
Debris Removal	250,000	
Food Spoilage	50,000	
Miscellaneous Property	100,000	1,000.00
Outside Signs (\$2,500 maximum per item)	10,000	1,000.00
Newly Acquired Property (Buildings and Contents, each)		
Real Property	250,000	
Personal Property	100,000	
Outdoor Property		
Trees, Shrubs and Plants	10,000	
Max per item	500	
Accounts Receivable	100,000	
Pollution Clean-up	100,000	5,000.00
Valuable Papers and Records	5,000,000	500.00
School Music Extension		
Instruments	100,000	
Uniforms	25,000	
EDP Including Software	2,500,000	5,000.00
Miscellaneous School Property	250,000	
Camera & Audio Visual Equipment	10,000	1,000.00
Contractor's Equipment	250,000	10,000.00
Utility Services Direct Damage	250,000	5,000.00
Earthquake	5,000,000	250,000.00
Additional Flood Coverage	5,000,000	50,000.00
Flood Insurance Zone A or V		
Per Building	1,000,000	500,000.00
Per Contents	1,000,000	500,000.00
Flood Insurance Zone B		
Per Building	2,000,000	100,000.00
Per Contents	2,000,000	100,000.00
Boiler and Machinery		
Property Damage	100,000,000	1,000.00
Blanket Business Income/Extra Expense	1,000,000	5,000.00
Ammonia Contamination	100,000,000	
Consequential Damage	100,000,000	
Hazardous Substance	250,000	
Service Interruption (Direct Damage)	100,000	
Ordinance or Law	250,000	
School Board Legal Liability	5,000,000	10,000.00

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Insurance Schedule**  
**June 30, 2016**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
Crime Insurance		
Money and Securities	50,000	1,000.00
Computer Fraud	50,000	1,000.00
Forgery or Alteration	50,000	1,000.00
Commercial General Liability Coverage		
Each Occurrence	1,000,000	
General Aggregate	2,000,000	
Personal and Advertising Injury	1,000,000	
Damage to Premises	1,000,000	
Products and Completed Operations	2,000,000	
Medical Expense (any one person)	10,000	
Employee Benefits Liability	1,000,000	1,000.00
Title 18A	100,000	
Electronic Data	1,000,000	
Commercial Automotive Liability		
Combined Single Limit	1,000,000	
Medical Payments - each person	5,000	
Comprehensive and Collision	Statutory	1,000.00
Umbrella Policy		
Umbrella Policy, each occurrence/annual aggregate	5,000,000	10,000.00
Federal Flood		
Union Avenue School	500,000	5,000.00
Eugene A. Tighe School	500,000	5,000.00
William H. Ross School	500,000	5,000.00
Statutory Bonds		
Position Bond Board Secretary	100,000	
Position Chief School Administrator	200,000	
Student Accident Policy		
School Time Compulsory Student Accident - per injury	1,000,000	

Source: District Records.

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## **Single Audit Section**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable President and  
Members of the Board of Education  
City of Margate School District  
County of Atlantic  
Margate, New Jersey

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Margate School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Margate School District's basic financial statements, and have issued our report thereon dated November 4, 2016.

### **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

Very truly yours,

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

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**November 4, 2016**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

Honorable President and  
Members of the Board of Education  
City of Margate School District  
County of Atlantic, New Jersey

### **Report on Compliance for Each Major State Program**

We have audited the City of Margate School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the City of Margate School District's major federal and state programs for the year ended June 30, 2016. The City of Margate School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Margate School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Uniform Guidance, and New Jersey 15-08 *State Aid/Grant Compliance Supplement*. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Margate 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 federal and state program. However, our audit does not provide a legal determination of the City of Margate School District's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the City of Margate 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 federal and major state programs for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

Management of the City of Margate 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 City of Margate School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 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 City of Margate 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 federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Very truly yours,

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

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**November 4, 2016**

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2016**

Federal Grant Title	Federal Grantor/Pass-Through Grantor/Program Title	Federal CHDA Number	Federal FAN Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2015	Carryover Amount	Cash Received	Budgetary Expenditures			Repayment of Prior Year's Balances	Balance at June 30, 2016	
										Source	Direct	Total		(Accounts Receivable)	Unearned Revenue
										Passed Through to Sub-Recipients	Adjustments				
<b>U.S. Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
10.550	NIA	7/1/15 - 6/30/16	901.31 \$					901.31	(801.31)				(1,099.03)		
10.555	NIA	7/1/15 - 6/30/16	16,948.57				(1,110.00)	14,946.54	(16,045.57)						
10.559	NIA	7/1/14 - 6/30/15	15,458.60				(1,110.00)	1,110.00							
								16,957.85	(16,948.85)				(1,099.03)		
<b>Total U.S. Department of Agriculture</b>															
<b>U.S. Department of Education</b>															
<b>Special Revenue Fund:</b>															
<b>Department of Education:</b>															
No Child Left Behind															
84.010	S010A150030	7/1/15 - 6/30/16	70,246.00				6,733.00	50,284.00	(59,284.19)				(0.19)		
84.070	S010A150030	7/1/14 - 6/30/15	69,840.00					10,962.28	(7,246.00)				(0.72)		
84.075	S387A150029	7/1/14 - 6/30/15	21,336.00					443.00	(449.00)				(0.62)		
84.367A	S387A150029	7/1/14 - 6/30/15	21,336.00					79,289.03	(86,014.19)				(1.16)		
									(147,865.00)						
<b>Subtotal No Child Left Behind</b>															
84.027	H027A150100	7/1/15 - 6/30/16	147,865.00					147,865.00	(147,865.00)						
84.027	H027A150100	7/1/15 - 6/30/15	106,486.00				(17,806.00)	8,368.00	(8,368.00)						
84.173	H173A150114	7/1/15 - 6/30/16	8,368.00				(17,806.00)	174,042.00	(156,234.00)						
									(9.31)						
<b>REBEL II</b>															
84.359		7/1/08 - 6/30/09	760.00				10.00						(0.69)		
								253,322.03	(242,259.50)				(1.16)		
<b>Total Special Revenue Fund</b>															
								270,276.86	(259,206.38)				(1,001.19)		
<b>Total Federal Financial Awards</b>															

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

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balances	Balance at June 30, 2016		MEMO	
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor				Accounts Receivable	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>												
General Fund:												
Categorical Special Education Aid	16-485-034-5120-089	7/1/15-6/30/16	312,010.00			312,010.00	(312,010.00)				18,684.00	312,010.00
Categorical Special Education Aid	16-485-034-5120-084	7/1/15-6/30/16	43,753.00			43,753.00	(43,753.00)				26,133.00	43,753.00
Adjustment Aid	16-485-034-5120-085	7/1/15-6/30/16	45,463.00			45,463.00	(45,463.00)				2,714.00	45,463.00
Categorical Transportation Aid	16-485-034-5120-014	7/1/15-6/30/16	134,194.00			134,194.00	(134,194.00)				8,011.00	134,194.00
Paroc Readiness Aid	16-485-034-5120-098	7/1/15-6/30/16	5,030.00			5,030.00	(5,030.00)				300.00	5,030.00
Per Pupil Growth Aid	16-485-034-5120-097	7/1/15-6/30/16	5,030.00			5,030.00	(5,030.00)				300.00	5,030.00
Extraordinary Aid	16-485-034-5120-044	7/1/15-6/30/16	136,176.00			136,176.00	(136,176.00)		(136,176.00)			136,176.00
Extraordinary Aid	16-485-034-5120-044	7/1/14-6/30/15	113,381.00	(113,381.00)		113,381.00			(113,381.00)			113,381.00
Reimbursed Non Public Transportation Aid	N/A	7/1/15-6/30/16	19,540.00			19,540.00	(19,540.00)					19,540.00
Reimbursed Non Public Transportation Aid	N/A	7/1/15-6/30/16	19,540.00	(19,540.00)		19,540.00			(19,540.00)			19,540.00
Reimbursed TPAF Social Security Contributions	16-485-034-5095-008	7/1/15-6/30/16	357,163.30	(16,132.00)		357,163.30	(357,163.30)					357,163.30
Reimbursed TPAF Social Security Contributions	15-485-034-5095-008	7/1/14-6/30/15	343,769.00	(16,132.00)		16,132.00						343,769.00
Total General Fund				(142,535.00)	-	1,030,246.30	(1,055,359.30)	-	(151,816.00)	-	32,619.00	1,117,337.30
Capital Projects Fund:												
ROD Grant - ADA Upgrades	5350-040-14-1001	open	314,112.00	(12,866.00)		237,555.79	(240,768.75)		(16,078.96)			235,634.75
ROD Grant - HVAC and Boiler	5350-040-14-1003	open	1,437,533.00	(167,642.00)		1,272,335.76	(1,119,346.07)		(74,652.31)			2,286,988.07
Total Capital Fund				(211,327.00)	-	1,800,896.61	(1,704,419.32)	-	(114,849.71)	-	-	1,915,746.32
Enterprise Fund:												
National School Lunch Program (State Share)	100-010-3350-023	7/1/15-6/30/16	384.23	(40.00)		345.94	(374.23)		(28.29)			509.00
National School Lunch Program (State Share)	100-010-3350-023	7/1/14-6/30/15	487.00	(40.00)								497.00
Total Enterprise Fund				(40.00)	-	385.94	(374.23)	-	(28.29)	-	-	1,006.00
Total State Financial Assistance				(354,202.00)	-	2,831,528.85	(2,760,152.85)	-	(266,694.00)	-	32,619.00	3,034,089.62

**City of Margate School District  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2016**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations* and NJ OMB 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.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE 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 NJSA 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 NJSA 18A:22-44.2.

The net adjustment to reconcile from budgetary basis to GAAP basis is \$805,796 for the general fund. See the following schedule and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**City of Margate School District  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2016**

	<u>General fund</u>	<u>Food service fund</u>	<u>Total</u>
<b>State Assistance:</b>			
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 1,055,359.30	374.23	1,055,733.53
Difference – budget to “GAAP”			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	34,845.00		34,845.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(32,619.00)		(32,619.00)
On behalf payments recognized for GAAP purposes but not included in the Schedule of Expenditures of State Financial Assistance	<u>803,750.00</u>		<u>803,750.00</u>
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 1,861,335.30</u>	<u>374.23</u>	<u>1,861,709.53</u>

**City of Margate School District  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2016**

	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>Federal Assistance:</b>			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	242,259.50	16,946.88	259,206.38
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.	2,670.39		2,670.39
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>244,929.89</u>	<u>16,946.88</u>	<u>261,876.77</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

**CITY OF MARGATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Part I -- Summary of Auditor's Results**

**Financial Statement Section**

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____	no
2) Significant deficiency(ies) identified	_____ yes	_____ <u>X</u> _____	no
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> _____	no

**Federal Awards Section**

Not Applicable

Internal Control over major programs:			
1) Material weakness(es) identified?	_____ yes	_____ _____	no
2) Significant deficiency(ies) identified	_____ yes	_____ _____	no
Type of auditor's report on compliance for major programs	_____		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____ yes	_____ _____	no

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no \_\_\_\_\_ n/a



**CITY OF MARGATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Part I -- Summary of Auditor's Results**

**State Awards Section**

Internal Control over major programs:

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

2) Significant deficiency(ies) identified \_\_\_\_\_ yes     X     no

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

\_\_\_\_\_ Unmodified \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?

\_\_\_\_\_ yes     X     no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-089	Categorical Special Education Aid
16-495-034-5120-084	Categorical Security Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5094-003	Reimbursed TPAF Social Security Contributions

Dollar threshold used to distinguish between Type A and Type B programs:

\_\_\_\_\_ \$750,000 \_\_\_\_\_

Auditee qualified as low-risk auditee?

    X     yes \_\_\_\_\_ no \_\_\_\_\_

**CITY OF MARGATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

***Part 2 -- Schedule of Financial Statement Findings***

None

***Part 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs***

None

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**STATUS OF PRIOR YEAR FINDINGS**

None