

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, 2014

Comprehensive Annual Financial Report

of the

Margate City Board of Education

Margate, New Jersey

For the Fiscal Year Ended June 30, 2014

Prepared by

Margate City Board of Education

Finance Department

TABLE OF CONTENTS

| INTRODUCTORY SECTION | | Page |
|----------------------------------|--|-------|
| | Letter of Transmittal | 1-5 |
| | Organizational Chart | 6 |
| | Roster of Officials | 7 |
| | Consultants and Advisors | 8 |
| FINANCIAL SECTION | | |
| | Independent Auditor's Report | 9-11 |
| | Required Supplementary Information - Part I | |
| | Management's Discussion and Analysis | 12-20 |
| | Basic Financial Statements | |
| A | District-wide Financial Statements: | |
| | A-1 Statement of Net Position | 21 |
| | A-2 Statement of Activities | 22 |
| B | Fund Financial Statement | |
| | Governmental Funds: | |
| | B-1 Balance Sheet | 23 |
| | B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances | 24 |
| | B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 25 |
| | Proprietary Funds: | |
| | B-4 Statement of Net Position | 26 |
| | B-5 Statement of Revenues, Expenses, and Changes in Net Position | 27 |
| | B-6 Statement of Cash Flows | 28 |
| | Fiduciary Funds: | |
| | B-7 Statement of Fiduciary Net Position | 29 |
| | B-8 Statement of Changes in Fiduciary Net Position | 30 |
| | Notes to the Financial Statements | 31-45 |
| | Required Supplemental Information - Part II | |
| C | Budgetary Comparison Schedules | |
| | C-1 Budgetary Comparison Schedule - General Fund | 46-55 |
| | C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual | NA |
| | C-1b Community Development Block Grant - Budget to Actual | NA |
| | C-2 Budgetary Comparison Schedule - Special Revenue Fund | 56 |
| | Notes to the Required Supplementary Information | Page |
| | C-3 Budget-to-GAAP Reconciliation | 57 |

TABLE OF CONTENTS (continued)

| | Other Supplementary Information | Page |
|---|---|-------|
| D | School Level Schedules: | |
| | D-1 Combining Balance Sheet | N/A |
| | D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual | N/A |
| | D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual | N/A |
| E | Special Revenue Fund: | |
| | E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis | 58-59 |
| | E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis | N/A |
| F | Capital Projects Fund: | |
| | F-1 Summary Schedule of Project Expenditures | 60 |
| | F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis | 61 |
| | F-2a-c Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Budgetary Basis | 62-64 |
| G | Proprietary Funds | |
| | Enterprise Fund: | |
| | G-1 Combining Statement of Net Position | 65 |
| | G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position | 66 |
| | G-3 Combining Statement of Cash Flows | 67 |
| | Internal Service Fund: | |
| | G-4 Combining Statement of Net Position | N/A |
| | G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position | N/A |
| | G-6 Combining Statement of Cash Flows | N/A |
| H | Fiduciary Funds: | |
| | H-1 Combining Statement of Fiduciary Net Position | 68 |
| | H-2 Combining Statement of Changes in Fiduciary Net Position | 69 |
| | H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements | 70 |
| | H-4 Payroll Agency Fund Schedule of Receipts and Disbursements | 71 |
| I | Long-Term Debt: | |
| | I-1 Schedule of Serial Bonds | N/A |
| | I-2 Schedule of Obligations under Capital Leases | 72 |
| | I-3 Debt Service Fund Budgetary Comparison Schedule | N/A |

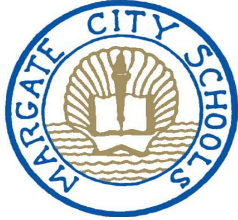
TABLE OF CONTENTS (continued)

| | Page |
|---|-------------|
| STATISTICAL SECTION (Unaudited) | |
| Introduction to the Statistical Section | |
| Financial Trends | |
| J-1 Net Assets/Net Position by Component | 73 |
| J-2 Changes in Net Assets/Net Position | 74-75 |
| J-3 Fund Balances - Governmental Funds | 76 |
| J-4 Changes in Fund Balances - Governmental Funds | 77-78 |
| J-5 General Fund Other Local Revenue by Source | 79 |
| Revenue Capacity | |
| J-6 Assessed Value and Estimated Actual Value of Taxable Property | 80 |
| J-7 Direct and Overlapping Property Tax Rates | 81 |
| J-8 Principal Property Taxpayers | 82 |
| J-9 Property Tax Levies and Collections | 83 |
| Debt Capacity | |
| J-10 Ratios of Outstanding Debt by Type | 84 |
| J-11 Ratios of General Bonded Debt Outstanding | 85 |
| J-12 Direct and Overlapping Governmental Activities Debt | 86 |
| J-13 Legal Debt Margin Information | 87 |
| Demographic and Economic Information | |
| J-14 Demographic and Economic Statistics | 88 |
| J-15 Principal Employers | 89 |
| Operating Information | |
| J-16 Full-time Equivalent District Employees by Function/Program | 90 |
| J-17 Operating Statistics | 91 |
| J-18 School Building Information | 92 |
| J-19 Schedule of Required Maintenance Expenditures by School Facility | 93 |
| J-20 Insurance Schedule | 94-95 |
| SINGLE AUDIT SECTION | |
| | Page |
| K-1 Independent Auditor's Opinion - Government Auditing Standards | 96-97 |
| K-2 Independent Auditor's Opinion - U.S. OMB Circular A-133 and New Jersey OMB Circular Letter 04-04 | 98-100 |
| K-3 Schedule of Expenditures of Federal Awards | 101 |
| K-4 Schedule of Expenditures of State Financial Assistance | 102 |
| K-5 Notes to the Schedules of Awards and Financial Assistance | 103-105 |
| K-6 Schedule of Findings and Question Costs | |
| Part I - Summary of Auditor's Results | 106-107 |
| Part 2 - Schedule of Financial Statement Findings | 108 |
| Part 3 - Schedule of State Award Findings and Questioned Costs | 108 |
| K-7 Summary Schedule of Prior Audit Findings | 108 |

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Introductory Section

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



Margate City School District

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

October 9, 2014

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, 2014, 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 Single Audit Amendments of 1984 and State Treasury Circular Letter 04-04 OMB, "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 2013-2014 fiscal year with an enrollment of 460 students, which is 7 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.

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------------|-----------------------|
| 2013-2014 | 456 | (3.59%) |
| 2012-2013 | 473 | (3.47%) |
| 2011-2012 | 490 | (4.30%) |
| 2010-2011 | 512 | (10.56%) |
| 2009-2010 | 575 | (2.21%) |

2) ECONOMIC CONDITION AND OUTLOOK: City 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. 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, 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 September 9, 2014 there was a total of 427 pupils enrolled in the school district. Upon completion of eighth grade, the students attend nearby Atlantic City High School, which currently enrolls approximately 118 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 September 9, 2014, Margate pupils were enrolled in other public schools as follows: 2 students at the CharterTech High School, 14 students at the Atlantic County Institute of Technology (ACIT), 34 students at the Ocean City High School and 4 students at the Ocean City Intermediate School. There are approximately 50 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 2014-15 school year, the District will operate on a budget of \$12,895,556 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 school business administrator, and a staff of 82 full time and 14 part time personnel during the 2013-2014 school year.

During the 2013-14 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 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 DARE 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 2014-2015 school year. These initiatives include:

1. Monitoring year 5 of the comprehensive 5-year strategic plan
2. Monitoring the data results from benchmark assessment for 6 disciplines
3. Continued professional development training in English Language Arts, STEM, On-Course, Data Analysis, and PARCC.
4. Continued partnership programs
5. Continued curriculum development efforts
6. Continued enrichment and project-based learning efforts for all students
7. Continued implementation of new teacher and principal evaluation systems.
8. Continued use of differentiated and enrichment learning programs

The district continued to maximize instructional time for students with the implementation of extended learning blocks in literacy, mathematics and enrichment. Push-in support (inclusion) and co-teaching provide differentiated learning opportunities for all students to ensure academic rigor in all classrooms. The literacy program is supported through a literacy coach trained in balanced literacy. 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 provided students the opportunity to participate in an inquiry-based, exploratory learning collaborative project. The year long projects culminate with a STEM exhibit of students' work.

The district continued to infuse technology into our instructional program with the addition of 90 Chrome Books for the classrooms, the continuous implementation of On-Course electronic lesson planning linked to the NJCCC & CCS Standards and an improved student information system with electronic grade reporting, web pages and attendance procedures. Technology coaches support electronic documentation, class web pages and technology integration. 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. As of July 2012, the district has had full wireless internet access with multiple mobile labs. Also, a new more efficient e-mail system was adopted during the summer of 2013 for the district.

For the 2014-2015 school year the district will focus on continuing to update curriculum to meet the Common Core 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, 2014.

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, 2014, 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 Single Audit Amendments of 1984 and State Treasury Circular Letter 04-04 OMB. 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.

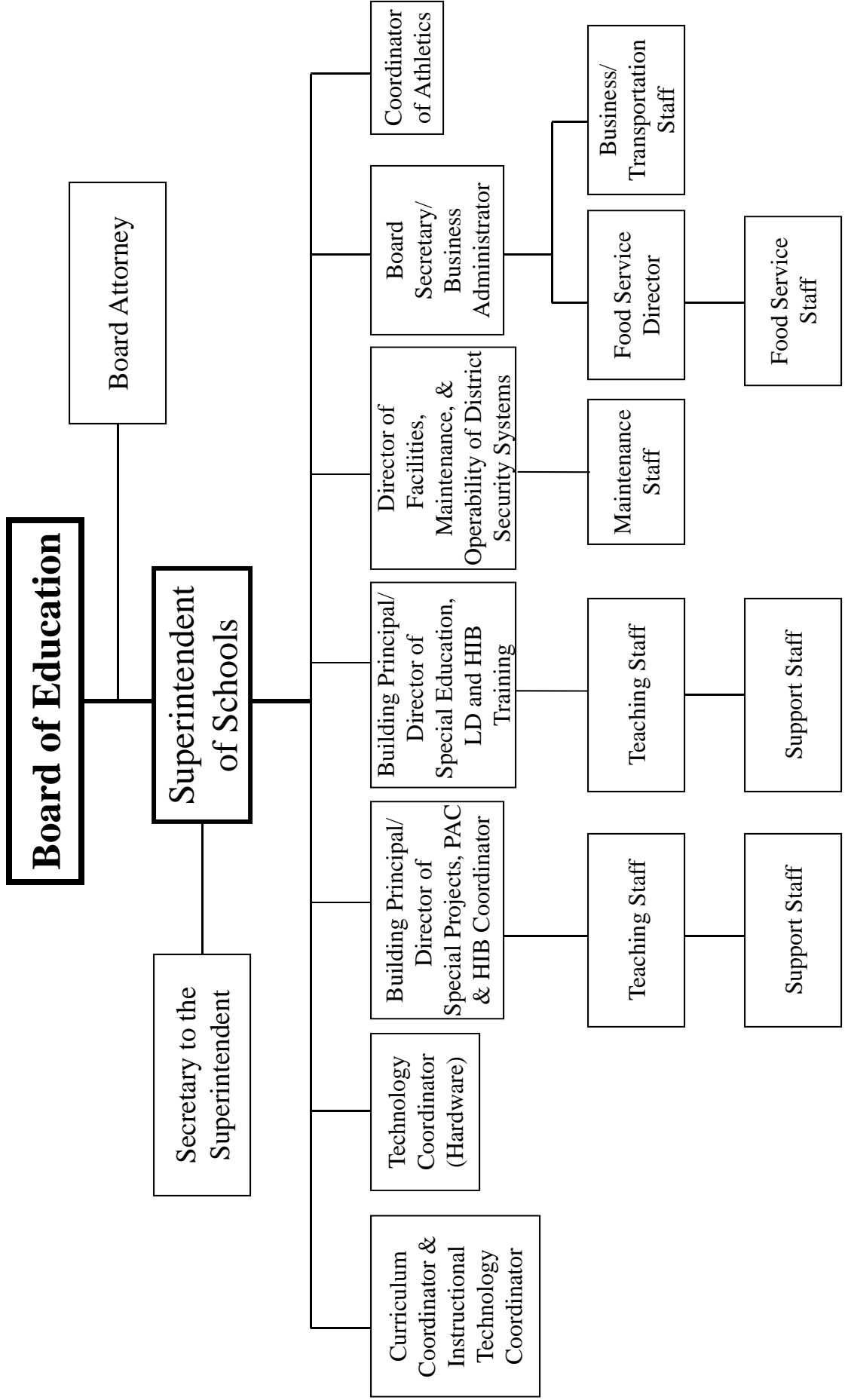
Respectfully submitted,

John DiNicola
Superintendent

Susan E. Palaia, CPA
Board Secretary/Business Administrator

City of Margate Board of Education Organization Chart

2013-2014



CITY OF MARGATE BOARD OF EDUCATION

MARGATE, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2014

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|---|----------------------------|
| Jacob B. Sless, Esq., President | 2015 |
| Jim Olivo, Vice-President | 2015 |
| Kirsten Canuso | 2015 |
| Joel Frankel (effective 5/8/14, unexpired term of L. Levitt-Doyle) | 2016 |
| Catherine Horn | 2017 |
| Joanne Kulzer | 2016 |
| Linda Levitt Doyle (resigned 5/2/14) | - |
| Tracy Santoro | 2017 |
| Carl Tripician, Esq., representing Borough of Longport Board of Education | |

Other Officials

Dr. Theresa DeFranco, Superintendent (through 9/30/14)

John DiNicola, Superintendent (effective 10/1/14)

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

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 (a component unit of the City of Margate), Margate, New Jersey, as of and for the fiscal year ended June 30, 2014, 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 (a component unit of the City of Margate), Margate, New Jersey, as of June 30, 2014, 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 Management's Discussion and Analysis and Budgetary Comparison 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 nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04, 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 nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04 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 October 9, 2014 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

October 9, 2014

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Required Supplemental Information
Part I

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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, 2014. 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 decreased \$606,449 as a result of an overall increase in operating expenses as well as the inclusion of depreciation expense on capital assets.
- The State of New Jersey reimbursed the District \$338,282 during the fiscal year ended June 30, 2014 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 \$521,907 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, 2014 the District had \$1,333,520 in excess surplus, of which \$687,132 has been appropriated and included as anticipated revenue in the 2015 fiscal year budget. This is compared to the prior year excess surplus of \$1,391,486, of which \$704,354 was budgeted in the 2014 fiscal year.
- During the fiscal year ended June 30, 2014, the District's revenues were \$117,657 lower than total expenditures. This decrease can be attributed to the settlement of a lawsuit with another school district as well as expenses related to the renovations at the two schools. During the prior fiscal year, revenue was lower than total expenditures by \$378,171.
- In the District's business-type activities, net position increased \$12,939 during the 2014 fiscal year compared to a \$44,553 increase in fiscal year 2013. 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.

{This space intentionally left blank}

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 2014 and 2013 as a result of an overall increase in spending. 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 2014 fiscal year.

| | Governmental | Business-type | Total | Governmental | Business-type | Total |
|----------------------------|---------------------|----------------------|-------------------|---------------------|----------------------|-------------------|
| | Activities | Activities | June 30, | Activities | Activities | June 30, |
| | | | 2014 | | | 2013 |
| Current and other assets | \$2,159,658 | 110,886 | 2,270,544 | 2,343,128 | 77,999 | 2,421,127 |
| Capital assets | 15,788,030 | 11,392 | 15,799,422 | 16,325,554 | 5,865 | 16,331,419 |
| Total assets | 17,947,688 | 122,278 | 18,069,966 | 18,668,682 | 83,864 | 18,752,546 |
| Long-term liab. | 510,738 | 15,138 | 525,876 | 546,531 | 1,700 | 548,231 |
| Other liabilities | 401,862 | 21,501 | 423,363 | 467,675 | 9,464 | 477,139 |
| Total Liabilities | 912,600 | 36,639 | 949,239 | 1,014,206 | 11,164 | 1,025,370 |
| Net position | | | | | | |
| Invested in Capital assets | 15,788,030 | 11,392 | 15,799,422 | 16,325,554 | | 16,325,554 |
| Restricted | 1,536,306 | | 1,536,306 | 1,654,071 | | 1,654,071 |
| Unrestricted | (289,248) | 74,247 | (215,001) | (325,149) | 72,700 | (252,449) |
| Total net position | \$17,035,088 | 85,639 | 17,120,727 | 17,654,476 | 72,700 | 17,727,176 |

Net position of the district decreased due to recognizing depreciation expense on the District's capital assets.

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, 2014, the District did have \$1,333,520 in excess fund balance, of which \$687,132 has been appropriated and included as anticipated revenue in the 2015 fiscal year budget.

Changes in net position. The total revenue of the District decreased \$301,985 due to a decrease in amounts reimbursed for TPAF social security contributions and on-behalf TPAF pension contributions. This decrease was offset by increases in other state aid awarded to the District. Also, tuition from the Borough of Longport increased during the past year.

Approximately 4.86% 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.

| | <u>6/30/14</u> | <u>Percentage</u> | <u>6/30/13</u> | <u>Percentage</u> |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Property taxes | \$10,511,408 | 79.63% | 10,536,409 | 78.03% |
| Unrestricted State aid | 642,013 | 4.86% | 585,090 | 4.33% |
| Tuition | 817,996 | 6.20% | 790,963 | 5.86% |
| Operating grants and Contributions | 1,139,627 | 8.63% | 1,451,961 | 10.75% |
| Other | 89,435 | 0.68% | 138,041 | 1.03% |
| Totals | <u>13,200,479</u> | <u>100.00%</u> | <u>13,502,464</u> | <u>100.00%</u> |

{This space intentionally left blank}

Governmental & Business-Type Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2014 and 2013 fiscal years.

| | <u>Govern- Mental Activities</u> | <u>Business- Type Activities</u> | <u>Total 6/30/14</u> | <u>Govern- mental Activities</u> | <u>Business- type Activities</u> | <u>Total 6/30/13</u> |
|---|--|--|--------------------------|--|--|--------------------------|
| Revenues | | | | | | |
| Program revenue | | | | | | |
| Charges for srvs | \$817,996 | 146,158 | 964,154 | 790,963 | 147,782 | 938,745 |
| Grants & entitle. | | | | | | |
| Federal | 257,168 | 17,390 | 274,558 | 193,021 | 18,232 | 211,253 |
| State | 860,187 | 455 | 860,642 | 1,236,190 | 509 | 1,236,699 |
| Local | 22,272 | | 22,272 | 22,750 | | 22,750 |
| General revenues | | | | | | |
| Property taxes | 10,511,408 | | 10,511,408 | 10,536,409 | | 10,536,409 |
| State aid entitle. | 642,013 | | 642,013 | 585,090 | | 585,090 |
| Other | 89,435 | 37 | 89,472 | 138,041 | 39 | 138,080 |
| Total revenues | 13,200,479 | 164,040 | 13,364,519 | 13,502,464 | 166,562 | 13,669,026 |
| Expenses | | | | | | |
| Instruction: | | | | | | |
| Regular | 4,799,609 | | 4,799,609 | 4,849,421 | | 4,849,421 |
| Special education | 861,803 | | 861,803 | 928,788 | | 928,788 |
| Other special inst. | 170,246 | | 170,246 | 165,974 | | 165,974 |
| Other instruction | 90,441 | | 90,441 | 83,884 | | 83,884 |
| Support services: | | | | | | |
| Tuition | 3,165,870 | | 3,165,870 | 3,355,148 | | 3,355,148 |
| Student & instr related services | 1,658,039 | | 1,658,039 | 1,857,446 | | 1,857,446 |
| School admin srvc | 232,389 | | 232,389 | 232,750 | | 232,750 |
| General and bus admin srvc | 775,791 | | 775,791 | 728,891 | | 728,891 |
| Admin Info Tech | 22,213 | | 22,213 | 21,974 | | 21,974 |
| Plant operations & maintenance | 1,596,355 | | 1,596,355 | 1,519,421 | | 1,519,421 |
| Pupil transportation | 503,149 | | 503,149 | 567,161 | | 567,161 |
| Capital outlay | 63,240 | | 63,240 | | | |
| Business-type act | | 208,232 | 208,232 | | 175,879 | 175,879 |
| Total expenses | 13,939,145 | 208,232 | 14,147,377 | 14,310,858 | 175,879 | 14,486,737 |
| (Deficiency before Special items & Transfers) | (738,666) | (44,192) | (782,858) | (808,394) | (9,317) | (817,711) |
| Special items | 176,409 | | 176,409 | (2,940,503) | | (2,940,503) |
| Transfers | (57,131) | 57,131 | 0 | (53,870) | 53,870 | 0 |
| Increase/(decrease) in net position | (\$619,388) | 12,939 | (606,449) | (3,802,767) | 44,553 | (3,758,214) |

Business-type Activities

Revenues of the District's business-type activities remained stable when compared to the prior year. Expenses increased slightly due to an increase in overall salaries, as well as performing arts and school plays supplies.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,757,796 which is \$117,657 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 increase in overall salaries and related expenses. 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. 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 30th 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 \$92,225. This is a result of realizing additional revenue allocated by the State of New Jersey for Special Education Extraordinary Aid and Nonpublic School Transportation Costs. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual expenditures were below the budgeted appropriations by \$756,949. This is the result of good controls over spending throughout the year. In addition, the District had budgeted \$125,000 for Judgments Against the School District, of which \$75,000 had been expended as of June 30, 2014. Audit exhibit C-1 does not include current year depreciation expense.

{This space intentionally left blank}

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During the 2014 fiscal year, the District did not invest in any significant capital assets or projects. The 3.26% 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. In addition to depreciation on the various property and equipment owned by the district.

| | <u>Governmental Activities</u> | <u>Business- type Activities</u> | <u>Total 6/30/14</u> | <u>Governmental Activities</u> | <u>Business- type Activities</u> | <u>Total 6/30/13</u> |
|------------------------------------|------------------------------------|--|--------------------------|------------------------------------|--|--------------------------|
| Land | \$1,444,429 | | 1,444,429 | 1,444,429 | | 1,444,429 |
| Const in Progress | 11,708 | | 11,708 | | | |
| Buildings& Building Improve. | 13,850,630 | | 13,850,630 | 14,182,262 | | 14,182,262 |
| Mach. & equipment | 481,263 | 11,392 | 492,655 | 698,863 | 5,865 | 704,728 |
| Total | \$15,788,030 | 11,392 | 15,799,422 | 16,325,554 | 5,865 | 16,331,419 |

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District budget for the 2015 fiscal year includes very little expansion for equipment acquisitions. Also, appropriations budgeted are increased 0.57% due to the District's attempt at maintaining a stable tax rate.

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.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

BASIC FINANCIAL STATEMENTS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

DISTRICT - WIDE FINANCIAL STATEMENTS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

City of Margate School District
(A Component Unit of the City of Margate)
Statement of Net Position
June 30, 2014

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,945,385 | 103,871 | 2,049,256 |
| Other accounts receivable | 54,193 | | 54,193 |
| Receivables from other governments | 160,080 | 6,024 | 166,104 |
| Inventory | | 991 | 991 |
| Capital assets not being depreciated | | | |
| Construction in progress | 11,708 | | 11,708 |
| Land | 1,444,429 | | 1,444,429 |
| Depreciable assets, net of accumulated depreciation | 14,331,893 | 11,392 | 14,343,285 |
| Total assets | <u>17,947,688</u> | <u>122,278</u> | <u>18,069,966</u> |
| LIABILITIES | | | |
| Accounts payable | 83,366 | 11,520 | 94,886 |
| Unearned revenue | 318,496 | 9,981 | 328,477 |
| Noncurrent liabilities: | | | |
| Due within one year | 63,899 | | 63,899 |
| Due beyond one year | 446,839 | 15,138 | 461,977 |
| Total liabilities | <u>912,600</u> | <u>36,639</u> | <u>949,239</u> |
| NET POSITION | | | |
| Net investment in capital assets | 15,788,030 | 11,392 | 15,799,422 |
| Restricted for: | | | |
| Other purposes | 1,536,306 | | 1,536,306 |
| Unrestricted net position/(deficit) | (289,248) | 74,247 | (215,001) |
| Total net position | <u>\$ 17,035,088</u> | <u>85,639</u> | <u>17,120,727</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, 2014**

| 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: | | | | | | | | |
| Regular | \$ 3,714,899 | 1,084,710 | 817,996 | 535,737 | (3,445,876) | | (3,445,876) | |
| Special education | 654,142 | 207,661 | | 53,614 | (808,189) | | (808,189) | |
| Other special instruction | 129,238 | 41,008 | | 10,588 | (159,658) | | (159,658) | |
| Other instruction | 68,823 | 21,618 | | 5,581 | (84,860) | | (84,860) | |
| Support services: | | | | | | | | |
| Tuition | 2,381,097 | 784,773 | | 202,614 | (2,963,256) | | (2,963,256) | |
| Student & instruction related services | 1,261,814 | 396,225 | | 126,054 | (1,531,985) | | (1,531,985) | |
| School administrative services | 177,121 | 55,268 | | 14,269 | (218,120) | | (218,120) | |
| General and business administrative services | 578,278 | 197,513 | | 50,994 | (724,797) | | (724,797) | |
| Administrative Information Technology | 16,980 | 5,233 | | 1,351 | (20,862) | | (20,862) | |
| Plant operations and maintenance | 1,200,092 | 396,263 | | 102,308 | (1,494,047) | | (1,494,047) | |
| Pupil transportation | 361,710 | 141,439 | | 36,517 | (466,632) | | (466,632) | |
| Unallocated benefits | 2,524,948 | (2,524,948) | | | | | | |
| Capital outlay | 63,240 | | | | (63,240) | | (63,240) | |
| Unallocated depreciation | 806,763 | (806,763) | | | | | | |
| Total governmental activities | 13,939,145 | 0 | 817,996 | 1,139,627 | (11,981,522) | - | (11,981,522) | |
| Business-type activities: | | | | | | | | |
| Food Service | 131,629 | | 44,596 | 17,845 | (69,188) | | (69,188) | |
| Community Service Programs | 76,603 | | 101,562 | | 24,959 | | 24,959 | |
| Total business-type activities | 208,232 | - | 146,158 | 17,845 | (44,229) | | (44,229) | |
| Total government | 14,147,377 | 0 | 964,154 | 1,157,472 | (11,981,522) | (44,229) | (12,025,751) | |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes, levied for general purposes.net | | | | | 10,511,408 | | 10,511,408 | |
| Federal and State aid not restricted | | | | | 642,013 | | 642,013 | |
| Investment Earnings | | | | | 3,512 | 37 | 3,549 | |
| Miscellaneous Income | | | | | 85,923 | | 85,923 | |
| Special item: | | | | | | | | |
| Transfers | | | | | (57,131) | 57,131 | - | |
| Bond proceeds | | | | | 683 | | 683 | |
| Gain on disposal of fixed assets | | | | | 175,726 | | 175,726 | |
| Total general revenues and transfers | | | | | 11,362,134 | 57,168 | 11,419,302 | |
| Change in Net Position | | | | | (619,388) | 12,939 | (606,449) | |
| Net Position—beginning balance | | | | | 17,654,476 | 72,700 | 17,727,176 | |
| Net Position—ending balance | | | | | 17,035,088 | 85,639 | 17,120,727 | |
| | | | | | \$ | | \$ | |

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

City of Margate School District
(A Component Unit of the City of Margate)
Balance Sheet
Governmental Funds
June 30, 2014

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---|-----------------|----------------------------|-----------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,945,385 | | | 1,945,385 |
| Other accounts receivable | 23,460 | 30,733 | | 54,193 |
| Interfund accounts receivable | 79,927 | | | 79,927 |
| Receivables from other governments | 105,198 | 54,199 | 683 | 160,080 |
| Total assets | 2,153,970 | 84,932 | 683 | 2,239,585 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 83,328 | 38 | | 83,366 |
| Interfund accounts payable | | 79,244 | 683 | 79,927 |
| Unearned revenue | 312,846 | 5,650 | | 318,496 |
| Total liabilities | 396,174 | 84,932 | 683 | 481,789 |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Excess surplus | 646,388 | | | 646,388 |
| Excess surplus -- designated for Subsequent year's expenditures | 687,132 | | | 687,132 |
| Capital projects | | | - | - |
| Assigned to: | | | | |
| Designated for subsequent year's expenditures: | | | | |
| Unreserved fund balance | 165,000 | | | 165,000 |
| Encumbrances | 37,786 | | | 37,786 |
| Unreserved, reported in: | | | | |
| General fund | 221,490 | | | 221,490 |
| Total Fund balances | 1,757,796 | - | - | 1,757,796 |
| Total liabilities and fund balances | 2,153,970 | 84,932 | 683 | |
| 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. | | | | 15,788,030 |
| 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 | | | | (33,442) |
| Compensated Absences | | | | (477,296) |
| Total net position of governmental activities | | | \$ | 17,035,088 |

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, 2014

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|---|
| REVENUES | | | | |
| Local tax levy | \$ 10,511,408 | | | 10,511,408 |
| Tuition charges | 817,996 | | | 817,996 |
| Interest | 3,512 | | | 3,512 |
| Miscellaneous | 85,923 | | | 85,923 |
| State sources | 1,502,202 | | | 1,502,202 |
| Federal sources | | 257,168 | | 257,168 |
| Local sources | | 22,272 | | 22,272 |
| Total revenues | <u>12,921,041</u> | <u>279,440</u> | <u>-</u> | <u>13,200,481</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Regular instruction | 3,481,028 | 255,684 | | 3,736,712 |
| Special education instruction | 654,142 | | | 654,142 |
| Other special instruction | 129,238 | | | 129,238 |
| Other instruction | 68,823 | | | 68,823 |
| Support services and undistributed costs: | | | | - |
| Tuition | 2,343,182 | | | 2,343,182 |
| Student & instruction related services | 1,238,058 | 23,756 | | 1,261,814 |
| School administrative services | 177,121 | | | 177,121 |
| Other administrative services | 578,278 | | | 578,278 |
| Administration Information Technology | 16,980 | | | 16,980 |
| Plant operations and maintenance | 1,200,092 | | | 1,200,092 |
| Pupil transportation | 361,710 | | | 361,710 |
| Unallocated Benefits | 2,538,930 | | | 2,538,930 |
| Capital outlay | 156,070 | | 683 | 156,753 |
| Transfer to Charter Schools | 37,915 | | | 37,915 |
| Total expenditures | <u>12,981,567</u> | <u>279,440</u> | <u>683</u> | <u>13,261,690</u> |
| (Deficiency) of revenues over expenditures | <u>(60,526)</u> | <u>-</u> | <u>(683)</u> | <u>(61,209)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | | | 683 | 683 |
| Transfers out | (57,131) | | | (57,131) |
| Total other financing sources and uses | <u>(57,131)</u> | <u>-</u> | <u>683</u> | <u>(56,448)</u> |
| Net change in fund balances | (117,657) | - | - | (117,657) |
| Fund balance—July 1 | 1,875,453 | - | - | 1,875,453 |
| Fund balance—June 30 | <u>\$ 1,757,796</u> | <u>-</u> | <u>-</u> | <u>1,757,796</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, 2014**

Total net change in fund balances - governmental funds (from B-2) \$ (117,657)

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 | (806,763) |
| Gain on disposition of fixed assets | 175,726 |
| Capital outlays | 93,513 |
| | (537,524) |

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.

21,813

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 (+).

13,980

Change in net position of governmental activities

(619,388)

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 Net Position
Proprietary Funds
June 30, 2014

| | Non-Major Funds | Totals |
|----------------------------------|----------------------------|---------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 103,871 | 103,871 |
| Accounts receivable | 6,024 | 6,024 |
| Inventories | 991 | 991 |
| Total current assets | 110,886 | 110,886 |
| Noncurrent assets: | | |
| Furniture, machinery & equipment | 42,533 | 42,533 |
| Less accumulated depreciation | (31,141) | (31,141) |
| Total noncurrent assets | 11,392 | 11,392 |
| Total assets | 122,278 | 122,278 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 11,520 | 11,520 |
| Unearned revenue | 9,981 | 9,981 |
| Total current liabilities | 21,501 | 21,501 |
| Non-current liabilities: | | |
| Compensated absences payable | 15,138 | 15,138 |
| Total current liabilities | 15,138 | 15,138 |
| Total liabilities | 36,639 | 36,639 |
| NET POSITION | | |
| Investment in capital assets | 11,392 | 11,392 |
| Unrestricted | 74,247 | 74,247 |
| Total net position | \$ 85,639 | 85,639 |

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, 2014

| | Non-Major Funds | Total |
|---|----------------------------|--------------|
| Operating revenues: | | |
| Charges for services: | | |
| Daily sales - reimbursable programs | \$ 14,433 | 14,433 |
| Daily sales - non-reimbursable programs | 30,163 | 30,163 |
| School Store | 113 | 113 |
| Community service activities | 50,800 | 50,800 |
| Latchkey | 50,649 | 50,649 |
| Total operating revenues | 146,158 | 146,158 |
| Operating expenses: | | |
| Cost of sales | 1,143 | 1,143 |
| Salaries | 129,023 | 129,023 |
| Employee benefits | 4,583 | 4,583 |
| General supplies | 70,890 | 70,890 |
| Other objects | 2,593 | 2,593 |
| Total Operating Expenses | 208,232 | 208,232 |
| Operating (loss) | (62,074) | (62,074) |
| Nonoperating revenues (expenses): | | |
| State sources: | | |
| State school lunch program | 455 | 455 |
| Federal sources: | | |
| National school lunch program | 16,248 | 16,248 |
| Food distribution program | 1,142 | 1,142 |
| Interest and investment revenue | 37 | 37 |
| Total nonoperating revenues | 17,882 | 17,882 |
| (Loss) before contributions & transfers | (44,192) | (44,192) |
| Transfers in | 57,131 | 57,131 |
| Change in net position | 12,939 | 12,939 |
| Total net position—beginning | 72,700 | 72,700 |
| Total net position—ending | \$ 85,639 | 85,639 |

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 Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

| | Non-Major Funds | Total |
|---|----------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 152,985 | 152,985 |
| Payments to employees | (120,168) | (120,168) |
| Payments to suppliers | (61,560) | (61,560) |
| Net cash (used for) operating activities | (28,743) | (28,743) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| State Sources | 472 | 472 |
| Federal Sources | 16,666 | 16,666 |
| Operating subsidies and transfers from other funds | 57,131 | 57,131 |
| Net cash provided by non-capital financing activities | 74,269 | 74,269 |
| CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES | | |
| Purchase of capital assets | (8,120) | (8,120) |
| Net cash (used for) capital & related financing activities | (8,120) | (8,120) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest and dividends | 37 | 37 |
| Net cash provided by investing activities | 37 | 37 |
| Net increase in cash and cash equivalents | 37,443 | 45,563 |
| Balances—beginning of year | 66,428 | 66,428 |
| Balances—end of year | 103,871 | 111,991 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating (loss) | (62,074) | (62,074) |
| Adjustments to reconcile operating (loss) to net cash provided by/ (used for) operating activities | | |
| Depreciation expense | 2,593 | 2,593 |
| Federal commodities | 1,142 | 1,142 |
| Decrease in accounts receivable | 4,096 | 4,096 |
| Decrease in inventories | 25 | 25 |
| Increase in deferred revenue | 3,231 | 3,231 |
| (Decrease) in deposits payable | (500) | (500) |
| Increase in accounts payable | 9,306 | 9,306 |
| Increase in compensated absences payable | 13,438 | 13,438 |
| Total adjustments | 33,331 | 33,331 |
| Net cash (used for) operating activities | \$ (28,743) | (28,743) |

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 Fiduciary Net Position
Fiduciary Funds
June 30, 2014**

| | <u>Expendable Trusts</u> | <u>Agency Fund</u> |
|---|------------------------------|------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 72,828 | 6,224 |
| Total assets | <u>72,828</u> | <u>6,224</u> |
| LIABILITIES | | |
| Payable to student groups | | 3,524 |
| Payroll deductions and withholdings | - | 2,700 |
| Total liabilities | <u>-</u> | <u>6,224</u> |
| NET POSITION | | |
| Held in trust for unemployment claims and other purposes | \$ <u>72,828</u> | |

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, 2014

| | Expendable Trusts |
|-------------------------------------|----------------------|
| ADDITIONS | |
| Contributions: | |
| Deductions from Employee's Salaries | \$ 9,128 |
| Total Contributions | 9,128 |
| Investment earnings: | |
| Interest | 122 |
| Net investment earnings | 122 |
| Total additions | 9,250 |
| DEDUCTIONS | |
| Unemployment claims | 23,045 |
| Scholarships awarded | 300 |
| Total deductions | 23,345 |
| Change in net position | (14,095) |
| Net position—beginning of the year | 86,923 |
| Net position—end of the year | \$ 72,828 |

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

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, 2014 of 460 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, 2014**

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, 2014**

- 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, 2014**

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, 2014**

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, 2014, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

| | |
|----------|------------|
| Supplies | 991 |
| | <u>991</u> |
| \$ | <u>991</u> |

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.

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

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.

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

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 2013/14 and 2012/13 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.

F. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2012, GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement is effective for fiscal periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

In January 2013, GASB issued Statement No. 69, "Government Combinations and Disposals of Government Obligations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In April 2013, GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

NOTE 2. INVESTMENTS

As of June 30, 2014, 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

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

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, 2014, \$81,402 of the District's bank balance of \$2,213,643 was exposed to custodial credit risk.

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

| | <u>Balance 6/30/13</u> | <u>Additions</u> | <u>Disposals/ Adjustments</u> | <u>Balance 6/30/14</u> |
|---|-----------------------------------|-------------------------|--|-----------------------------------|
| Governmental Activities: | | | | |
| Capital assets that are not being depreciated: | | | | |
| Construction in progress | \$ | 11,708 | | 11,708 |
| Land | 1,444,429 | | | 1,444,429 |
| Total capital assets not being depreciated | <u>1,444,429</u> | <u>11,708</u> | <u>-</u> | <u>1,456,137</u> |
| Bldg and bldg improve | 24,023,074 | | 379,745 | 24,402,819 |
| Machinery & equipment | 1,704,002 | 81,805 | (386,921) | 1,398,886 |
| Total at historical cost | <u>25,727,076</u> | <u>81,805</u> | <u>(7,176)</u> | <u>25,801,705</u> |
| Less accum depr for: | | | | |
| Bldg and improve | (9,840,812) | (694,287) | (17,090) | (10,552,189) |
| Equipment | (1,005,139) | (112,476) | 199,992 | (917,623) |
| Total accum deprec | <u>(10,845,951)</u> | <u>(806,763)</u> | <u>182,902</u> | <u>(11,469,812)</u> |
| Total capital assets being depr, net of accum depr | <u>14,881,125</u> | <u>(724,958)</u> | <u>175,726</u> | <u>14,331,893</u> |
| Governmental activities capital assets, net | <u>16,325,554</u> | <u>(713,250)</u> | <u>175,726</u> | <u>15,788,030</u> |
| Business-type activities: | | | | |
| Equipment | 34,413 | 8,120 | | 42,533 |
| Less accum depr for: | | | | |
| Equipment | (34,074) | (2,593) | | (31,141) |
| Business-type activities capital assets, net | <u>\$ 5,865</u> | <u>5,527</u> | <u>-</u> | <u>11,392</u> |

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

Depreciation expense charged to governmental functions is as follows:

| | | |
|--|----|----------------|
| Regular instruction | \$ | 262,659 |
| Special education | | 50,284 |
| Other special instruction | | 9,930 |
| Other instruction | | 5,235 |
| Student & instruction related services | | 285,975 |
| School administrative expenses | | 13,383 |
| General administration | | 33,381 |
| Central services | | 14,446 |
| Administration Info Technology | | 1,267 |
| Transportation | | 34,249 |
| Plant operations and maintenance | | 95,954 |
| | \$ | <u>806,763</u> |

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Issued</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts Dues within One Year</u> |
|-----------------------------------|------------------------------|---------------|-------------------|---------------------------|---|
| Governmental Activities: | | | | | |
| Other Liabilities: | | | | | |
| Obligations under | | | | | |
| Capital Leases | \$55,255 | | (21,813) | 33,442 | 21,774 |
| Comp Absences Payable | 491,276 | 65,913 | (79,893) | 477,296 | 42,125 |
| Total Governmental Activities | <u>546,531</u> | <u>65,913</u> | <u>(101,706)</u> | <u>510,738</u> | <u>63,899</u> |
| Business-type Activities: | | | | | |
| Other Liabilities | | | | | |
| Comp Absences Payable | 1,700 | 13,738 | (300) | 15,138 | 0 |
| Total Business-Type Activities | <u>1,700</u> | <u>13,738</u> | <u>(300)</u> | <u>15,138</u> | <u>0</u> |

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.

Commencing May 20, 2011, the District is leasing a Thomas Type B – 24 Passenger Wheelchair Gasoline Bus totaling \$53,700. The lease is for a term of five years and payments in the amount of \$11,612 are made annually. Payments include interest at a rate of 3.60% per annum.

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

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, 2013.

| Year ending June 30, | Total |
|-----------------------------------|------------------|
| 2015 | \$ 22,854 |
| 2016 | 11,612 |
| 2017 | 0 |
| 2018 | 0 |
| 2019 | 0 |
| Total minimum lease payments | 34,466 |
| Less amount representing interest | (1,024) |
| Present value of lease payments | \$ <u>33,442</u> |

The following schedule lists the equipment, along with the accumulated depreciation, that has been obtained through capital leases:

| Description | Cost | Accumulated Depreciation | Remaining Value |
|------------------|------------------|-----------------------------|--------------------|
| Office Equipment | \$ 44,195 | 35,909 | 8,286 |
| Vehicles | 53,700 | 13,081 | 40,619 |
| | \$ <u>97,895</u> | <u>48,990</u> | <u>48,905</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

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

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.

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 6.78% 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, 2014, 2013, and 2012 were \$338,292, \$561,564, and \$472,066, 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, 2014, 2013, and 2012 were \$113,013, \$114,856, and \$79,418, respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2014, 2013, and 2012 was \$6,056,701, \$6,160,416, and \$5,998,068; covered payroll was \$4,628,354, \$4,773,582, and \$4,553,120 for TPAF; and \$1,031,818, \$1,014,063, and \$973,092 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.

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

- 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.

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 1/60th from 1/55th, 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 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS 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. LABOR CONTRACTS

As of June 30, 2014, 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 8. 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, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 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 \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

NOTE 9. 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 10. 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:

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

NOTE 11. 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, 2014 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:

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

| Fiscal Year | Interest Earned | Employee & Board Contributions | Amount Reimbursed | Ending Balance |
|-------------|-----------------|--------------------------------|-------------------|----------------|
| 2013-2014 | \$ 113 | 9,128 | 23,045 | 70,291 |
| 2012-2013 | 155 | 8,948 | 13,370 | 84,095 |
| 2011-2012 | 286 | 39,104 | 39,534 | 88,362 |

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2014:

| Fund | Interfund Receivable | Interfund Payable |
|---------------------|----------------------|-------------------|
| Governmental Funds: | | |
| General | \$ 79,927 | |
| Special Revenue | | 79,244 |
| Capital Projects | | 683 |
| Totals | \$ <u>79,927</u> | <u>79,927</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 13. 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 2013-2014 governmental operations.

NOTE 14. 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 15. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,757,796 General Fund fund balance at June 30, 2014, \$37,786 is reserved for encumbrances; \$1,333,520 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$687,132 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2015); \$165,000 has been appropriated and also included as anticipated revenue for the year ending June 30, 2015; and \$221,490 is unreserved and undesignated.

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2014**

NOTE 16. 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, 2014 is \$1,333,520, of which \$687,132 has been included in the 2014-15 budget. The excess fund balance at June 30, 2013 was \$1,391,486.

NOTE 17. 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 18. SOLAR PHOTOVOLTAIC PANEL PROJECT

During the 2014 fiscal year, the District authorized the sale of approximately 550 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 \$78,720 of which \$55,760 was received prior to June 30, 2014. The remaining balance of \$22,960 has been realized as revenue, and a receivable established, as of June 30, 2014. Credits are earned during the fiscal year that operates from June 1 to May 31. During the month of June 2014, credits may have been earned that would be available for sale during the 2014 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, 2014.

NOTE 19. INSURANCE RECOVERIES

For governmental-type activities, the unrestricted (deficit) of \$(289,248) 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, 2014 the District had not expended all of the funds received resulting in a balance in Unearned Revenue of \$312,846. It is anticipated that these monies will be expended during the current fiscal year and recognized as revenue.

NOTE 20. 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, 2014, the District expended \$683 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, 2014 at an interest rate of 1.00% per annum. This note will mature on July 20, 2015.

NOTE 21. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 9, 2014, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Required Supplemental Information
Part II

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

BUDGETARY COMPARISON SCHEDULES

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|--|-------------------|------------------|-------------------|-------------------|---------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 10,511,408 | | 10,511,408 | 10,511,408 | - |
| Tuition - From Individuals | 35,150 | | 35,150 | 24,050 | (11,100) |
| Tuition - From other LEAs within State | 793,946 | | 793,946 | 793,946 | - |
| Interest | 3,000 | | 3,000 | 3,512 | 512 |
| Miscellaneous | 38,000 | | 38,000 | 85,923 | 47,923 |
| Total - Local Sources | 11,381,504 | - | 11,381,504 | 11,418,839 | 37,335 |
| State Sources: | | | | | |
| Categorical Special Education Aid | 312,910 | | 312,910 | 312,910 | - |
| Categorical Security Aid | 43,753 | | 43,753 | 43,753 | - |
| Adjustment Aid | 45,463 | | 45,463 | 45,463 | - |
| Categorical Transportation Aid | 134,194 | | 134,194 | 134,194 | - |
| Special Education Extraordinary Aid | 50,695 | | 50,695 | 82,838 | 32,143 |
| Nonpublic School Transportation Costs | | | | 22,360 | 22,360 |
| Bully Prevention | | | | 387 | 387 |
| On-Behalf TPAF Pension Contributions (non-budgeted) | | | | 521,907 | 521,907 |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 338,282 | 338,282 |
| Total - State Sources | 587,015 | - | 587,015 | 1,502,094 | 915,079 |
| Total Revenues | 11,968,519 | - | 11,968,519 | 12,920,933 | 952,414 |

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|------------------|------------------|------------------|------------------|---------------------------------------|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Salaries of Teachers: | | | | | |
| Kindergarten | 253,623 | (4,000) | 249,623 | 248,738 | 885 |
| Grades 1-5 | 1,649,655 | (67,884) | 1,581,771 | 1,574,367 | 7,404 |
| Grades 6-8 | 1,195,781 | 73,913 | 1,269,694 | 1,269,609 | 85 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 2,000 | 6,782 | 8,782 | 6,659 | 2,123 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Purchased Services | 13,244 | - | 13,244 | 12,339 | 905 |
| General Supplies | 296,916 | 13,374 | 310,290 | 287,449 | 22,841 |
| Textbooks | 85,520 | - | 85,520 | 81,867 | 3,653 |
| Total Regular Programs | 3,496,739 | 22,185 | 3,518,924 | 3,481,028 | 37,896 |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 502,342 | (13,180) | 489,162 | 489,162 | - |
| Other Salaries for Instruction | 81,204 | (1,438) | 79,766 | 72,863 | 6,903 |
| General Supplies | 2,851 | - | 2,851 | 1,344 | 1,507 |
| Total Resource Room/Resource Center | 586,397 | (14,618) | 571,779 | 563,369 | 8,410 |
| Preschool Disabilities - Part Time: | | | | | |
| Salaries of Teachers | 45,242 | 43,270 | 88,512 | 86,619 | 1,893 |
| Other Salaries for Instruction | 13,385 | - | 13,385 | 4,154 | 9,231 |
| General Supplies | - | - | - | - | - |
| Total Preschool Disabilities - Full Time | 58,627 | 43,270 | 101,897 | 90,773 | 11,124 |
| Total Special Education - Instruction | 645,024 | 28,652 | 673,676 | 654,142 | 19,534 |

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|-----------------|------------------|---------------|---------------|---------------------------------------|
| Basic Skills/Remedial- Instruction | | | | | |
| Salaries of Teachers | 86,541 | (8,877) | 77,664 | 77,664 | - |
| Other Salaries for Instruction | 12,605 | (809) | 11,796 | 8,304 | 3,492 |
| General Supplies | - | - | - | - | - |
| Total Basic Skills/Remedial - Instruction | 99,146 | (9,686) | 89,460 | 85,968 | 3,492 |
| Bilingual Education - Instruction: | | | | | |
| Salaries of Teachers | 43,271 | - | 43,271 | 43,270 | 1 |
| General Supplies | 300 | - | 300 | - | 300 |
| Total Bilingual Education - Instruction | 43,571 | - | 43,571 | 43,270 | 301 |
| School Sponsored Cocurricular Activities - Instruction: | | | | | |
| Salaries | 25,500 | - | 25,500 | 25,365 | 135 |
| Supplies and Materials | 2,790 | 140 | 2,930 | 2,676 | 254 |
| Other Objects | - | 7,850 | 7,850 | 7,840 | 10 |
| Total School Sponsored Cocurricular Activities - Instruction | 28,290 | 7,990 | 36,280 | 35,881 | 399 |
| School Sponsored Athletics - Instruction | | | | | |
| Salaries | 14,500 | 100 | 14,600 | 14,598 | 2 |
| Purchased Services | 4,000 | 308 | 4,308 | 4,274 | 34 |
| Supplies and Materials | 3,400 | (308) | 3,092 | 2,620 | 472 |
| Other Objects | 750 | - | 750 | 743 | 7 |
| Total School Sponsored Athletics - Instruction | 22,650 | 100 | 22,750 | 22,235 | 515 |

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|--|------------------|------------------|------------------|------------------|---------------------------------------|
| Summer School - Instruction | | | | | |
| Salaries of Teachers | 4,500 | 5,601 | 10,101 | 10,101 | - |
| Other Salaries of Instruction | 1,100 | (494) | 606 | 606 | - |
| Other Purchased Services | 6,300 | (5,907) | 393 | - | 393 |
| Total Summer School - Instruction | 11,900 | (800) | 11,100 | 10,707 | 393 |
| Total Instruction | 4,347,320 | 48,441 | 4,395,761 | 4,333,231 | 62,530 |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEAs within the State - Regular | 2,081,344 | 305 | 2,081,649 | 2,081,649 | - |
| Tuition to County Voc. School District - Regular | 49,575 | - | 49,575 | 49,575 | - |
| Tuition to CSSD & Regional Day Schools | 184,130 | 19,696 | 203,826 | 150,915 | 52,911 |
| Tuition to Private Schools for the Disabled- Within State | 200,525 | (27,593) | 172,932 | 61,043 | 111,889 |
| Tuition - State Facilities | - | - | - | - | - |
| Total Undistributed Expenditures - Instruction | 2,515,574 | (7,592) | 2,507,982 | 2,343,182 | 164,800 |
| Undistributed Expenditures - Attendance and Social Work: | | | | | |
| Salaries | 43,271 | - | 43,271 | 43,270 | 1 |
| Total Undistributed Expenditures - Attendance and Social Work | 43,271 | - | 43,271 | 43,270 | 1 |
| Undistributed Expenditures - Health Services: | | | | | |
| Salaries | 176,791 | - | 176,791 | 176,791 | - |
| Supplies and Materials | 2,241 | 980 | 3,221 | 2,729 | 492 |
| Total Undistributed Expenditures - Health Services | 179,032 | 980 | 180,012 | 179,520 | 492 |

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|---|
| Undistributed Expenditures - Other Support Services - Students - Related Services: | | | | | |
| Salaries | 138,953 | (55,866) | 83,087 | 62,015 | 21,072 |
| Supplies and Materials | 2,000 | 10 | 2,010 | 1,867 | 143 |
| Total Undistributed Expenditures - Other Support Services - Students - Regular | 140,953 | (55,856) | 85,097 | 63,882 | 21,215 |
| Undistributed Expenditures - Other Support Services - Extra. Serv. | | | | | |
| Salaries | 163,631 | 22,594 | 186,225 | 186,224 | 1 |
| Purchased Professional - Educational Services | 91,759 | 14,000 | 105,759 | 94,275 | 11,484 |
| Total Undistributed Services - Other Support Services - Extra. Serv. | 255,390 | 36,594 | 291,984 | 280,499 | 11,485 |
| Undistributed Expenditures - Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 291,284 | (37,201) | 254,083 | 254,082 | 1 |
| Salaries of Secretarial and Clerical Assistants | 27,319 | (570) | 26,749 | 25,831 | 918 |
| Other Purchased Services | 600 | 760 | 1,360 | 1,293 | 67 |
| Supplies and Materials | 30,455 | 2,188 | 32,643 | 32,615 | 28 |
| Total Undistributed Expenditures - Child Study Teams | 349,658 | (34,823) | 314,835 | 313,821 | 1,014 |
| Undistributed Expenditures - Improvement of Instruction Services: | | | | | |
| Salaries of Other Professional Staff | 89,541 | - | 89,541 | 89,541 | - |
| Purchased Professional Educational Services | - | 4,950 | 4,950 | 4,950 | - |
| Other Purchased Professional and Technical Services | 1,000 | (1,000) | - | - | - |
| Other Purchased Services | - | 1,000 | 1,000 | 837 | 163 |
| Total Undistributed Expenditures - Improv. of Instr. Services | 90,541 | 4,950 | 95,491 | 95,328 | 163 |

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|-----------------|------------------|----------------|----------------|---------------------------------------|
| Undistributed Expenditures - Educational Media Services - School Library | | | | | |
| Salaries | 109,063 | (35,449) | 73,614 | 73,614 | - |
| Salaries of Technology Coordinators | 60,694 | - | 60,694 | 60,552 | 142 |
| Purchased Professional and Technical Services | 2,000 | - | 2,000 | 632 | 1,368 |
| Supplies and Materials | 131,464 | 6,842 | 138,306 | 126,890 | 11,416 |
| Other Objects | 100 | - | 100 | 50 | 50 |
| Total Undistributed Expenditures - Educational Media Services - School Library | 303,321 | (28,607) | 274,714 | 261,738 | 12,976 |
| Undistributed Expenditures - Support Services - Gen. Admin.: | | | | | |
| Salaries | 184,965 | - | 184,965 | 182,161 | 2,804 |
| Legal Services | 53,756 | 5,354 | 59,110 | 59,010 | 100 |
| Audit Fees | 17,500 | (254) | 17,246 | 17,200 | 46 |
| Other Purchased Professional Services | - | 1,260 | 1,260 | 1,260 | - |
| Purchased Technical Services | 2,758 | - | 2,758 | 2,590 | 168 |
| Communications/Telephone | 42,875 | (6,778) | 36,097 | 29,576 | 6,521 |
| Other Purchased Services | 3,070 | (530) | 2,540 | 2,393 | 147 |
| General Supplies | 8,000 | 984 | 8,984 | 8,984 | - |
| BOE In-House Training/Meeting Supplies | 100 | (100) | - | - | - |
| Judgments Against the School District | 125,000 | - | 125,000 | 75,000 | 50,000 |
| Miscellaneous Expenditures | 9,047 | 204 | 9,251 | 9,251 | - |
| Total Undistributed Expenditures - Support Services - Gen. Admin. | 447,071 | 140 | 447,211 | 387,425 | 59,786 |
| Undistributed Expenditures - Support Serv. - School Admin.: | | | | | |
| Salaries of Principals/Assistant Principals | 118,333 | - | 118,333 | 118,332 | 1 |
| Salaries of Secretarial and Clerical Assistants | 46,828 | 3,000 | 49,828 | 49,786 | 42 |
| Other Purchased Services | 500 | (60) | 440 | - | 440 |
| Supplies and Materials | 8,798 | 180 | 8,978 | 7,344 | 1,634 |
| Other Objects | 900 | 820 | 1,720 | 1,659 | 61 |
| Total Undistributed Expenditures - Support Serv. - School Admin. | 175,359 | 3,940 | 179,299 | 177,121 | 2,178 |

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|--|-----------------|------------------|----------------|----------------|---------------------------------------|
| Undistributed Expenditures - Central Services | | | | | |
| Salaries | 175,977 | - | 175,977 | 175,788 | 189 |
| Purchased Technical Services | 3,280 | 560 | 3,840 | 3,840 | - |
| Misc. Purchased Services | 3,000 | - | 3,000 | 2,738 | 262 |
| Supplies and Materials | 8,900 | (40) | 8,860 | 8,187 | 673 |
| Miscellaneous Expenditures | 1,863 | - | 1,863 | 300 | 1,563 |
| Total Undistributed Expenditures - Central Services | 193,020 | 520 | 193,540 | 190,853 | 2,687 |
| Undistributed Expenditures - Administration Information Technology | | | | | |
| Other Purchased Services | 16,980 | - | 16,980 | 16,980 | - |
| Total Undistributed Expenditures - Administration Info Technology | 16,980 | - | 16,980 | 16,980 | - |
| Undistributed Expenditures - Required Maintenance for School Facilities | | | | | |
| Salaries | 187,544 | - | 187,544 | 187,059 | 485 |
| Cleaning Repairs and Maintenance Services | 59,649 | 3,725 | 63,374 | 54,933 | 8,441 |
| General Supplies | 155,937 | (11,015) | 144,922 | 127,028 | 17,894 |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | 403,130 | (7,290) | 395,840 | 369,020 | 26,820 |
| Undistributed Expenditures - Custodial Services | | | | | |
| Salaries | 283,877 | - | 283,877 | 283,273 | 604 |
| Cleaning, Repair and Maintenance Services | 28,050 | 12,720 | 40,770 | 40,344 | 426 |
| Insurance | 82,274 | 15,369 | 97,643 | 97,643 | - |
| General Supplies | 45,994 | (2,943) | 43,051 | 41,141 | 1,910 |
| Energy (Natural Gas) | 106,306 | (25,832) | 80,474 | 55,247 | 25,227 |
| Energy (Electricity) | 293,914 | 7,333 | 301,247 | 291,207 | 10,040 |
| Other Objects | 250 | 75 | 325 | 325 | - |
| Total Undistributed Expenditures - Custodial Services | 840,665 | 6,722 | 847,387 | 809,180 | 38,207 |

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|--|--|--|--|--|--|
| Undistributed Expenditures - Care and Upkeep of Grounds Cleaning, Repair, and Maintenance Services | 8,395 | (100) | 8,295 | 5,200 | 3,095 |
| Total Undistributed Expenditures - Care and Upkeep of Grounds | 8,395 | (100) | 8,295 | 5,200 | 3,095 |
| Undistributed Expenditures - Security Salaries Cleaning, Repair, and Maintenance Services General Supplies | - 19,001 15,000 | 1,000 (1,000) | 1,000 18,001 15,000 | 1,000 14,356 1,336 | - 3,645 13,664 |
| Total Undistributed Expenditures - Security | 34,001 | - | 34,001 | 16,692 | 17,309 |
| Total Undistributed Expen - Oper & Main of Plant Serv | 1,286,191 | (668) | 1,285,523 | 1,200,092 | 85,431 |
| Undistributed Expenditures - Student Transportation Services: Salaries for Pupil Transp. (Between Home and School)-Spec Ed Salaries for Pupil Transp. (Not Between Home and School) Cleaning, Repair and Maintenance Service Lease Purchase Payments - School Buses Contracted Services - Aid in Lieu of Payments Non Public Contracted Services - (Other than Between Home and School) - Vendors Contracted Services - (Between Home and School) - Joint Agmnts Contracted Services (Special Ed Students) - Joint Agreements Supplies and Materials Transportation Supplies | 49,002 3,000 3,600 11,612 34,918 7,000 236,672 99,600 500 7,000 | (381) 381 2,958 - - 5,685 (1,228) (4,729) - 3,249 | 48,621 3,381 6,558 11,612 34,918 12,685 235,444 94,871 500 10,249 | 48,620 3,057 6,544 11,612 24,241 12,382 208,098 36,908 - 10,248 | 1 324 14 - 10,677 303 27,346 57,963 500 1 |
| Total Undistributed Expenditures - Student Transportation Serv. | 452,904 | 5,935 | 458,839 | 361,710 | 97,129 |
| Unallocated Benefits: Social Security Contributions Other Retirement Contributions - PERS Other Retirement Contributions - Regular Unemployment Compensation Workmen's Compensation Health Benefits | 123,000 128,401 2,880 25,000 105,760 1,467,650 | (2,000) (3,318) 318 (2,000) (3,226) (5,000) | 121,000 125,083 3,198 23,000 102,534 1,462,650 | 110,042 113,013 3,197 - 87,707 1,308,528 | 10,958 12,070 1 23,000 14,827 154,122 |

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|---|
| Tuition Reimbursements | 4,500 | 2,500 | 7,000 | 6,954 | 46 |
| Other Employee Benefits | 20,900 | 28,500 | 49,400 | 49,300 | 100 |
| Total Unallocated Benefits | 1,878,091 | 15,774 | 1,893,865 | 1,678,741 | 215,124 |
| On-behalf TPAF Pension Contributions (non-budgeted) | | | | 521,907 | (521,907) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 338,282 | (338,282) |
| Total On-behalf Contributions | - | - | - | 860,189 | (860,189) |
| Total Undistributed Expenditures | 8,327,356 | (58,713) | 8,268,643 | 8,454,351 | (185,708) |
| Total Current Expense | 12,674,676 | (10,272) | 12,664,404 | 12,787,582 | (123,178) |
| Capital Outlay: | | | | | |
| Equipment: | | | | | |
| Undistributed Expenditures: | | | | | |
| Instructional Staff | 7,175 | - | 7,175 | 7,175 | - |
| Security | 55,950 | 2,680 | 58,630 | 58,630 | - |
| Total Equipment | 63,125 | 2,680 | 65,805 | 65,805 | - |
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | | 11,025 | 11,025 | 11,025 | - |
| Construction Services | 16,000 | - | 16,000 | 16,000 | - |
| Assessment for Debt Service on SDA Funding | 92,361 | (11,025) | 81,336 | 63,240 | 18,096 |
| Total Facilities Acquisition and Construction Services | 108,361 | - | 108,361 | 90,265 | 18,096 |
| Total Capital Outlay | 171,486 | 2,680 | 174,166 | 156,070 | 18,096 |
| Transfers to Charter Schools | 30,323 | 7,592 | 37,915 | 37,915 | - |
| Total Expenditures | 12,876,485 | - | 12,876,485 | 12,981,567 | (105,082) |

**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, 2014**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|--------------------|---------------------|-----------------|-----------|---|
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (907,966) | - | (907,966) | (60,634) | 847,332 |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfers Out: | | | | | |
| Transfer to Food Service Fund - Board Contribution | (58,973) | - | (58,973) | (57,131) | 1,842 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (966,939) | - | (966,939) | (117,765) | 849,174 |
| Fund Balances, July 1 | 1,904,071 | - | 1,904,071 | 1,904,071 | - |
| Fund Balances, June 30 | 937,132 | - | 937,132 | 1,786,306 | 849,174 |

Recapitulation of Fund Balance:

Restricted Fund Balance:

| | |
|--|---------|
| Reserve for Excess Surplus | 646,388 |
| Excess Surplus-Designated for Subsequent Year's Expenditures | 687,132 |

Assigned Fund Balance:

| | |
|---|---------|
| Designated for Subsequent Year's Expenditures | 165,000 |
| Reserve for Encumbrances | 37,786 |

Unassigned Fund Balance

| | |
|--|-----------|
| | 250,000 |
| | 1,786,306 |

Reconciliation to Governmental Funds Statements (GAAP)
Last State Aid Payment Not Recognized on GAAP Basis

(28,510)

Fund Balance per Governmental Funds (GAAP)

1,757,796

**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, 2014**

| | Original Budget | Budget Transfers/Adjustments | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|--------------------|---------------------------------|-----------------|----------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Revenue from Local Sources | - | 33,865 | 33,865 | 22,272 | (11,593) |
| Total - Local Sources | - | 33,865 | 33,865 | 22,272 | (11,593) |
| Federal Sources: | | | | | |
| Title I | 25,918 | 40,838 | 66,756 | 36,866 | (29,890) |
| I.D.E.A., Part B | 117,328 | 80,359 | 197,687 | 197,687 | - |
| Other | 13,537 | 7,954 | 21,491 | 19,887 | (1,604) |
| Total - Federal Sources | 156,783 | 129,151 | 285,934 | 254,440 | (31,494) |
| Total Revenues | 156,783 | 163,016 | 319,799 | 276,712 | (43,087) |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 25,918 | 33,628 | 59,546 | 33,618 | 25,928 |
| Other Salaries for Instruction | 13,537 | 1,598 | 15,135 | 12,876 | 2,259 |
| Purchased Professional and Technical Services | | 7,131 | 7,131 | 4,170 | 2,961 |
| Other Purchased Services (400-500 series) | 117,328 | 71,926 | 189,254 | 189,254 | - |
| General Supplies | | 20,003 | 20,003 | 13,243 | 6,760 |
| Total instruction | 156,783 | 134,286 | 291,069 | 253,161 | 37,908 |
| Support Services | | | | | |
| Personal Services - Employee Benefits | | 5,052 | 5,052 | 3,068 | 1,984 |
| Purchased Professional and Technical Services | | 21,491 | 21,491 | 19,887 | 1,604 |
| Supplies and Materials | | 2,187 | 2,187 | 596 | 1,591 |
| Total support services | - | 28,730 | 28,730 | 23,551 | 5,179 |
| Total expenditures | 156,783 | 163,016 | 319,799 | 276,712 | 43,087 |
| 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, 2014

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

| | | <u>General Fund</u> | <u>Special Revenue</u> |
|--|----------|-------------------------|----------------------------|
| Sources/inflows of resources | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | C-1; C-2 | \$ 12,920,933 | 276,712 |
| 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 | | | 2,728 |
| Current Year | | | - |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | | | |
| | | 28,618 | |
| State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | | | |
| | | <u>(28,510)</u> | |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | B-2 | <u>12,921,041</u> | <u>279,440</u> |
| Uses/outflows of resources | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | C-1; C-2 | 12,981,567 | 276,712 |
| 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 | | | 2,728 |
| Current Year | | | - |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | B-2 | <u>\$ 12,981,567</u> | <u>279,440</u> |

SPECIAL REVENUE FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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, 2014

| | No Child Left Behind | | | | | | | |
|--|----------------------|--------------------------------|--|---|-------------------------------|--|-----------------------------------|------------------------------|
| | Title I Part A | Carryover Title I Part A | Teacher & Principals Training Title II - Part A | Carryover Teacher & Principals Training Title II - Part A | I.D.E.A. Part - B Basic | Carryover I.D.E.A. Part - B Basic | I.D.E.A. Part - B Preschool | Total Federal Projects |
| REVENUES: | | | | | | | | |
| Federal Sources | \$ 14,226 | 22,640 | 19,637 | 250 | 171,322 | 17,932 | 8,433 | 254,440 |
| State Sources | | | | | | | | - |
| Local Sources | | | | | | | | - |
| Total revenues | 14,226 | 22,640 | 19,637 | 250 | 171,322 | 17,932 | 8,433 | 254,440 |
| EXPENDITURES | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of teachers | 13,130 | 20,488 | | | | | 6,500 | 33,618 |
| Other salaries for instruction | | | | | | | 1,436 | 6,500 |
| Purchased prof. and technical services | | | | | 171,322 | 17,932 | | 1,436 |
| Other purchased services | 92 | 585 | | | | | | 189,254 |
| General supplies | | | | | | | | 677 |
| Total instruction | 13,222 | 21,073 | - | - | 171,322 | 17,932 | 7,936 | 231,485 |
| Support services: | | | | | | | | |
| Salaries of teachers | | | | | | | | - |
| Salaries of other professional staff | | | | | | | | - |
| Personal services- employee benefits | 1,004 | 1,567 | 19,637 | 250 | | | 497 | 3,068 |
| Purchased professional & technical services | | | | | | | | 19,887 |
| Other purchased services | | | | | | | | - |
| Supplies and materials | | | | | | | | - |
| Total support services | 1,004 | 1,567 | 19,637 | 250 | - | - | 497 | 22,955 |
| Facilities acquisition and const. serv.: | | | | | | | | |
| Instructional equipment | | | | | | | | - |
| Total facilities acquisition and construction services | - | - | - | - | - | - | - | - |
| Transfer to Charter Schools | | | | | | | | |
| Total expenditures | 14,226 | 22,640 | 19,637 | 250 | 171,322 | 17,932 | 8,433 | 254,440 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ - | - | - | - | - | - | - | - |

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, 2014

| | NJ Agricultural Society Learning Through Gardening | Big Feet Run | Municipal Alliance | Total Local Projects | Total |
|---|--|-----------------|-----------------------|----------------------------|----------------|
| REVENUES: | | | | | |
| Federal Sources | | | - | | 254,440 |
| State Sources | 201 | 596 | 21,475 | 22,272 | 22,272 |
| Local Sources | <u>201</u> | <u>596</u> | <u>21,475</u> | <u>22,272</u> | <u>276,712</u> |
| Total revenues | | | | | |
| EXPENDITURES | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | | | | | 33,618 |
| Other salaries for instruction | | | 6,376 | 6,376 | 12,876 |
| Purchased prof. and technical services | | | 2,734 | 2,734 | 4,170 |
| Other purchased services | | | | | 189,254 |
| General supplies | 201 | | 12,365 | 12,566 | 13,243 |
| Total instruction | <u>201</u> | <u>-</u> | <u>21,475</u> | <u>21,676</u> | <u>253,161</u> |
| Support services: | | | | | |
| Personal services- employee benefits | | | | | 3,068 |
| Purchased professional & technical services | | | | | 19,887 |
| Supplies and materials | | 596 | | 596 | 596 |
| Total support services | <u>-</u> | <u>596</u> | <u>-</u> | <u>596</u> | <u>23,551</u> |
| Facilities acquisition and const. serv.: | | | | | |
| Instructional equipment | | | | | - |
| Total facilities acquisition and construction services | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Transfer to Charter Schools | | | | | |
| Total expenditures | <u>201</u> | <u>596</u> | <u>21,475</u> | <u>22,272</u> | <u>276,712</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

CAPITAL PROJECTS FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**City of Margate School District
Capital Projects Fund
Summary Statement of Project Expenditures
For the Fiscal Year Ended June 30, 2014**

| Project Title/Issue | Original Date | Appropriations | Expenditures to Date | | Unexpended Balance June 30, 2013 |
|--|---------------|----------------|----------------------|--------------|----------------------------------|
| | | | Prior Years | Current Year | |
| Exterior ADA Accessibility Upgrades at Tighe Middle School | 2014 | \$ 319,467 | | 683 | 318,784 |
| William H. Ross School Renovations and Alterations | 2014 | 475,872 | | - | 475,872 |
| Tighe Middle School HVAC, Boiler, ADA Improvements | 2014 | 1,462,495 | | - | 1,462,495 |
| | | \$ 2,257,834 | | 683 | 2,257,151 |

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, 2014**

| | |
|---|--------------------------------|
| Revenues and Other Financing Sources | |
| State Sources | |
| SCC Grant | \$ 2,219,586 |
| Bond proceeds and transfers | <u>38,248</u> |
| Total revenue | <u>2,257,834</u> |
| Expenditures and Other Financing Uses | |
| Purchased professional and technical services | 683 |
| Land and improvements | - |
| Construction Services | - |
| Equipment purchases | <u>-</u> |
| Total expenditures | <u>683</u> |
| Excess (deficiency) of revenues over (under) expenditures | 2,257,151 |
| Fund balance - beginning | <u>-</u> |
| Fund balance - ending | \$ <u><u>2,257,151</u></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, 2014**

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|------------------|-----------------|---------|-------------------------------|
| Revenues and Other Financing Sources | | | | |
| State sources | | | | |
| Schools Construction Corp (SCC) Grant | \$ | 314,112 | 314,112 | 314,112 |
| Bond proceeds and transfers | | | | |
| City of Margate | | 5,355 | 5,355 | 5,355 |
| Total revenue | - | 319,467 | 319,467 | 319,467 |
| Expenditures and Other Financing Uses | | | | |
| Purchased professional and technical services | | 683 | 683 | 56,645 |
| Land and improvements | | | - | |
| Construction services | | | - | 262,822 |
| Equipment purchases | | | - | |
| Total expenditures | - | 683 | 683 | 319,467 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | 318,784 | 318,784 | - |

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 | |
| Additional authorized cost | - |
| Revised authorized cost | - |
| Percentage increase over original cost | - |
| Percentage completion | 0 |
| Original target completion date | 12/14 |
| Revised target completion date | 12/14 |

**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, 2014**

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|------------------|-----------------|---------|-------------------------------|
| Revenues and Other Financing Sources | | | | |
| State sources | | | | |
| Schools Construction Corp (SCC) Grant | \$ | 467,841 | 467,841 | 467,841 |
| Bond proceeds and transfers | | | | |
| City of Margate | | 8,031 | 8,031 | 8,031 |
| Total revenue | - | 475,872 | 475,872 | 475,872 |
| Expenditures and Other Financing Uses | | | | |
| Purchased professional and technical services | | | - | 63,306 |
| Land and improvements | | | - | |
| Construction services | | | - | 412,566 |
| Equipment purchases | | | - | |
| Total expenditures | - | - | - | 475,872 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | 475,872 | 475,872 | - |

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 | |
| Additional authorized cost | - |
| Revised authorized cost | - |
| Percentage increase over original cost | - |
| Percentage completion | - |
| Original target completion date | 12/14 |
| Revised target completion date | 12/14 |

**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, 2014**

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|------------------|-----------------|-----------|-------------------------------|
| Revenues and Other Financing Sources | | | | |
| State sources | | | | |
| Schools Construction Corp (SCC) Grant | \$ | 1,437,633 | 1,437,633 | 1,437,633 |
| Bond proceeds and transfers | | | | |
| City of Margate | | 24,862 | 24,862 | 24,862 |
| Total revenue | - | 1,462,495 | 1,462,495 | 1,462,495 |
| Expenditures and Other Financing Uses | | | | |
| Purchased professional and technical services | | | - | 226,037 |
| Land and improvements | | | - | |
| Construction services | | | - | 1,236,458 |
| Equipment purchases | | | - | |
| Total expenditures | - | - | - | 1,462,495 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | 1,462,495 | 1,462,495 | - |

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 | |
| Additional authorized cost | - |
| Revised authorized cost | - |
| Percentage increase over original cost | |
| Percentage completion | - |
| Original target completion date | 12/14 |
| Revised target completion date | 12/14 |

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

PROPRIETARY FUNDS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Enterprise Funds
Combining Schedule of Net Position
June 30, 2014

G-1

| | Food Service | Community Service Programs | 2014 |
|--|------------------|----------------------------------|----------------|
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 27,531 | 76,340 | 103,871 |
| Interfund Accounts Receivable | | | - |
| Accounts Receivable: | | | |
| State | 111 | | 111 |
| Federal | 3,283 | | 3,283 |
| Other | | 2,630 | 2,630 |
| Inventories | 991 | | 991 |
| Total Current Assets | 31,916 | 78,970 | 110,886 |
| Fixed Assets: | | | |
| Equipment | 34,413 | 8,120 | 42,533 |
| Accumulated depreciation | (30,894) | (247) | (31,141) |
| Total Fixed Assets | 3,519 | 7,873 | 11,392 |
| Total assets | 35,435 | 86,843 | 122,278 |
| LIABILITIES AND NET POSITION: | | | |
| Current liabilities: | | | |
| Accounts payable | 6,266 | 5,254 | 11,520 |
| Deferred revenue | | 9,981 | 9,981 |
| Deposits payable | | | - |
| Total current liabilities | 6,266 | 15,235 | 21,501 |
| Non-current liabilities: | | | |
| Compensated absences | 15,138 | | 15,138 |
| Total non-current liabilities | 15,138 | - | 15,138 |
| Total liabilities | 21,404 | 15,235 | 36,639 |
| Net Position | | | |
| Invested in capital assets, net of related debt | 3,519 | 7,873 | 11,392 |
| Unrestricted net position | 10,512 | 63,735 | 74,247 |
| Total net position | 14,031 | 71,608 | 85,639 |
| Total liabilities and net position | \$ 35,435 | 86,843 | 122,278 |

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, 2014

G-2

| | Community Service Programs | | | | 2014 |
|---|-------------------------------|-----------------|--------------------|-----------------|-----------------|
| | Food Service | School Plays | Performing Arts | Latchkey | |
| OPERATING REVENUES: | | | | | |
| Local Sources: | | | | | |
| Daily Sales - Reimbursable Programs | \$ 14,433 | | | | 14,433 |
| Daily Sales - Non-Reimbursable Programs | 30,163 | | | | 30,163 |
| Latchkey | | | | 50,649 | 50,649 |
| School Store | | | | 113 | 113 |
| Community Recreation | | 10,740 | 40,060 | | 50,800 |
| Total Operating Revenues | 44,596 | 10,740 | 40,060 | 50,762 | 146,158 |
| OPERATING EXPENSES: | | | | | |
| Salaries | 70,569 | | 25,082 | 33,372 | 129,023 |
| Employee benefits | | | 1,919 | 2,664 | 4,583 |
| Supplies and materials | 57,571 | 6,531 | 6,097 | 691 | 70,890 |
| Cost of sales | 1,143 | | | | 1,143 |
| Vehicle expense | | | | | - |
| Other Objects | | | | | - |
| Depreciation | 2,346 | | 247 | | 2,593 |
| Total operating expenses | 131,629 | 6,531 | 33,345 | 36,727 | 208,232 |
| Operating income (loss) | (87,033) | 4,209 | 6,715 | 14,035 | (62,074) |
| Nonoperating revenues: | | | | | |
| State sources | | | | | |
| State school lunch program | 455 | | | | 455 |
| Federal sources | | | | | |
| Nutrition reimbursements | 16,248 | | | | 16,248 |
| USDA commodities | 1,142 | | | | 1,142 |
| Interest Revenues | 37 | | | | 37 |
| Total nonoperating revenues | 17,882 | - | - | - | 17,882 |
| Net income (loss) before operating transfers | (69,151) | 4,209 | 6,715 | 14,035 | (44,192) |
| Operating transfers: | | | | | |
| transfer in from general fund | 57,131 | | | | 57,131 |
| Net Income (Loss) | (12,020) | 4,209 | 6,715 | 14,035 | 12,939 |
| Unrestricted net position, July 1 | 26,051 | 14,307 | 62,826 | (30,484) | 72,700 |
| Unrestricted net position/(deficit) June 30 | \$ 14,031 | 18,516 | 69,541 | (16,449) | 85,639 |

**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, 2014**

| | Food Service | Community Service Programs | Total Enterprise |
|--|-------------------------|---|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 44,596 | 108,389 | 152,985 |
| Payments to employees | (57,131) | (63,037) | (120,168) |
| Payments to suppliers | (53,495) | (8,065) | (61,560) |
| Net cash provided by/(used for) operating activities | <u>(66,030)</u> | <u>37,287</u> | <u>(28,743)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| State Sources | 472 | | 472 |
| Federal Sources | 16,666 | | 16,666 |
| Operating subsidies and transfers from other funds | 57,131 | | 57,131 |
| Net cash provided by non-capital financing activities | <u>74,269</u> | <u>-</u> | <u>74,269</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of capital assets | - | (8,120) | (8,120) |
| Net cash (used) by capital & related financing activities | <u>-</u> | <u>(8,120)</u> | <u>(8,120)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends | 37 | | 37 |
| Net cash provided by investing activities | <u>37</u> | <u>-</u> | <u>37</u> |
| Net increase in cash and cash equivalents | 8,276 | 29,167 | 37,443 |
| Balances—beginning of year | 19,255 | 47,173 | 66,428 |
| Balances—end of year | <u>27,531</u> | <u>76,340</u> | <u>103,871</u> |
| Reconciliation of operating income (loss) to net cash provided | | | |
| (used) by operating activities: | | | |
| Operating income/(loss) | (87,033) | 24,959 | (62,074) |
| Adjustments to reconcile operating (loss) to net cash provided by/(used for) operating activities: | | | |
| Depreciation expense | 2,346 | 247 | 2,593 |
| Federal commodities | 1,142 | | 1,142 |
| Decrease in accounts receivable | | 4,096 | 4,096 |
| Decrease in inventories | 25 | | 25 |
| Increase in deferred revenue | | 3,231 | 3,231 |
| (Decrease) in deposits payable | | (500) | (500) |
| Increase in accounts payable | 4,052 | 5,254 | 9,306 |
| Increase in compensated absences payable | 13,438 | | 13,438 |
| Total adjustments | <u>21,003</u> | <u>12,328</u> | <u>33,331</u> |
| Net cash provided by/(used for) operating activities | <u>\$ (66,030)</u> | <u>37,287</u> | <u>(28,743)</u> |

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

FIDUCIARY FUNDS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2014

H-1

| | Student Activity | Payroll Agency | Expendable Trusts | | 2014 | 2013 |
|---|------------------|----------------|---------------------------|--------------|---------------|---------------|
| | | | Unemployment Compensation | Scholarship | | |
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 3,524 | 2,700 | 70,291 | 2,537 | 79,052 | 99,599 |
| Total Assets | <u>3,524</u> | <u>2,700</u> | <u>70,291</u> | <u>2,537</u> | <u>79,052</u> | <u>99,599</u> |
| LIABILITIES AND FUND BALANCES: | | | | | | |
| Liabilities: | | | | | | |
| Payroll deductions and withholdings Due to student groups | 3,524 | 2,700 | | | 2,700 | 8,004 |
| | | | | | 3,524 | 4,672 |
| Total Liabilities | <u>3,524</u> | <u>2,700</u> | <u>-</u> | <u>-</u> | <u>6,224</u> | <u>12,676</u> |
| Fund Balances: | | | | | | |
| Unreserved | | | 70,291 | 2,537 | 72,828 | 86,923 |
| Total liabilities and fund balance | <u>\$ 3,524</u> | <u>2,700</u> | <u>70,291</u> | <u>2,537</u> | <u>79,052</u> | <u>99,599</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, 2014**

| | Unemployment Trust | Scholarship Trust | Total 2014 | Total 2013 |
|--|-----------------------|----------------------|---------------|---------------|
| OPERATING REVENUES: | | | | |
| Local Sources: | | | | |
| Deductions from Employees' Salaries | \$ 9,128 | | 9,128 | 8,948 |
| Interest on Investments | 113 | 9 | 122 | 155 |
| Total Operating Revenues | 9,241 | 9 | 9,250 | 9,103 |
| OPERATING EXPENDITURES: | | | | |
| Unemployment Compensation Insurance Claims | 23,045 | | 23,045 | 13,370 |
| Scholarships awarded | | 300 | 300 | - |
| Total Operating Expenditures | 23,045 | 300 | 23,345 | 13,370 |
| Excess of Revenues over Expenditures | (13,804) | (291) | (14,095) | (4,267) |
| Fund Balance, July 1 | 84,095 | 2,828 | 86,923 | 91,190 |
| Fund Balance, June 30 | \$ 70,291 | 2,537 | 72,828 | 86,923 |

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

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---------------------------|-------------------------|--------------|---------------|--------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 4,672 | 9,402 | 10,550 | 3,524 |
| Total assets | <u>4,672</u> | <u>9,402</u> | <u>10,550</u> | <u>3,524</u> |
| LIABILITIES: | | | | |
| Due to Student groups | 4,672 | 9,402 | 10,550 | 3,524 |
| Total liabilities | <u>\$ 4,672</u> | <u>9,402</u> | <u>10,550</u> | <u>3,524</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, 2014

H-4

| | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
|-------------------------------------|---------------------|------------------|------------------|----------------------|
| | <u>July 1, 2013</u> | | | <u>June 30, 2014</u> |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 2,731 | 3,053,380 | 3,053,411 | 2,700 |
| Total assets | <u>2,731</u> | <u>3,053,380</u> | <u>3,053,411</u> | <u>2,700</u> |
| LIABILITIES: | | | | |
| Payroll deductions and withholdings | 2,731 | 3,053,380 | 3,053,411 | 2,700 |
| Total liabilities | <u>2,731</u> | <u>3,053,380</u> | <u>3,053,411</u> | <u>2,700</u> |

LONG-TERM DEBT

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Long-Term Debt
Statement of Obligations Under Capital Leases
June 30, 2014

| Series | Date of Inception | Interest Rate Payable | Amount of Original Issue | Amount Outstanding 6/30/2013 | Issued Current Year | Retired Current Year | Amount Outstanding 6/30/2014 |
|---|----------------------|-----------------------------|--------------------------------|------------------------------------|---------------------------|----------------------------|------------------------------------|
| Thomas Bus Type B - 24 Passenger Wheelchair Gasoline | 12/8/10 | 3.60% | 53,700 \$ | 32,469 | | 10,443 | 22,026 |
| Lanier LD Digital Imaging System Copy Machines (4) | 4/13/11 | 5.21% | 44,196 | 22,786 | | 11,370 | 11,416 |
| | | | | \$ 55,255 | - | 21,813 | 33,442 |

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Statistical Section

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets | \$ 21,466,166 | 24,067,654 | 22,873,625 | 22,034,346 | 22,140,761 | 20,958,527 | 20,278,829 | 19,738,614 | 16,325,554 | 15,788,030 |
| Restricted | 598,256 | 1,537,772 | 2,001,317 | 2,476,616 | 2,283,403 | 1,457,396 | 2,039,609 | 2,022,375 | 1,654,071 | 1,536,306 |
| Unrestricted | (298,930) | (489,673) | (645,894) | (842,923) | (1,176,543) | (223,275) | (337,321) | (303,746) | (325,149) | (289,248) |
| Total governmental activities net position | 21,765,492 | 25,115,753 | 24,229,048 | 23,668,039 | 23,247,621 | 22,192,648 | 21,981,117 | 21,457,243 | 17,654,476 | 17,035,088 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets | 2,325 | 1,631 | 1,056 | 480 | - | - | - | - | - | 11,392 |
| Unrestricted | 10,583 | (8,309) | (71,336) | (65,799) | 28,728 | 20,601 | 19,373 | 28,147 | 72,700 | 74,247 |
| Total business-type activities net position | 12,908 | (6,678) | (70,280) | (65,319) | 28,728 | 20,601 | 19,373 | 28,147 | 72,700 | 85,639 |
| District-wide | | | | | | | | | | |
| Invested in capital assets | 21,468,491 | 24,069,285 | 22,874,681 | 22,034,826 | 22,140,761 | 20,958,527 | 20,278,829 | 19,738,614 | 16,325,554 | 15,799,422 |
| Restricted | 598,256 | 1,537,772 | 2,001,317 | 2,476,616 | 2,283,403 | 1,457,396 | 2,039,609 | 2,022,375 | 1,654,071 | 1,536,306 |
| Unrestricted | (288,347) | (497,982) | (717,230) | (908,722) | (1,147,815) | (202,674) | (317,948) | (275,599) | (252,449) | (215,001) |
| Total district net position | 21,778,400 | 25,109,075 | 24,158,768 | 23,602,720 | 23,276,349 | 22,213,249 | 22,000,490 | 21,485,390 | 17,727,176 | 17,120,727 |

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | 4,176,253 | 4,478,263 | 4,720,511 | 4,643,439 | 4,874,372 | 4,560,458 | 4,578,612 | 4,239,640 | 4,849,421 | 4,799,609 |
| Special education | 397,287 | 416,426 | 447,222 | 458,167 | 488,094 | 507,067 | 751,511 | 863,584 | 928,788 | 861,803 |
| Other special education | 273,527 | 284,320 | 287,930 | 280,168 | 285,220 | 248,047 | 260,085 | 283,833 | 165,974 | 170,246 |
| Other instruction | 322,103 | 385,964 | 476,225 | 447,281 | 84,001 | 91,501 | 67,329 | 85,122 | 83,884 | 90,441 |
| Nonpublic school programs | 52,347 | 51,245 | 69,505 | 55,575 | | | | | | |
| Support Services: | | | | | | | | | | |
| Tuition | 2,733,253 | 3,051,627 | 3,302,188 | 3,334,576 | 3,692,629 | 3,583,924 | 3,036,637 | 3,090,584 | 3,355,148 | 3,165,870 |
| Student & instruction related services | 1,156,149 | 1,146,553 | 1,444,039 | 1,506,205 | 1,684,932 | 1,645,461 | 1,537,402 | 1,725,851 | 1,857,446 | 1,658,039 |
| General administrative services | 630,256 | 589,327 | 702,743 | 306,158 | 784,398 | 290,416 | 210,823 | 206,861 | 232,750 | 232,389 |
| School administrative services | 301,835 | 271,242 | 319,616 | 681,137 | 308,039 | 788,359 | 816,721 | 762,134 | 728,893 | 775,791 |
| Administrative information technology | | | 13,704 | 17,806 | 18,188 | 17,935 | 20,099 | 20,662 | 21,974 | 22,213 |
| Plant operations and maintenance | 2,009,107 | 1,987,566 | 2,176,415 | 1,894,325 | 1,627,141 | 1,702,436 | 1,352,178 | 1,718,676 | 1,519,421 | 1,596,355 |
| Pupil transportation | 332,587 | 342,127 | 365,333 | 364,106 | 425,262 | 369,727 | 483,293 | 553,188 | 567,161 | 503,149 |
| Capital outlay | 16,423 | | 21,951 | | | | | | | 63,240 |
| Total governmental activities expenses | 12,401,127 | 13,004,660 | 14,347,382 | 13,988,943 | 14,272,276 | 13,805,331 | 13,114,690 | 13,550,135 | 14,310,858 | 13,939,145 |
| Business-type activities: | | | | | | | | | | |
| Food Service | 139,539 | 141,646 | 149,185 | 155,445 | 167,474 | 103,335 | 118,379 | 116,099 | 106,443 | 131,629 |
| Community Service Programs | 187,773 | 239,481 | 281,618 | 247,365 | 602,470 | 296,101 | 51,156 | 52,470 | 69,436 | 76,603 |
| Total business-type activities expense | 327,312 | 381,127 | 430,803 | 402,810 | 769,944 | 399,436 | 169,535 | 168,569 | 175,879 | 208,232 |
| Total district expenses | 12,728,439 | 13,385,787 | 14,778,185 | 14,391,753 | 15,042,220 | 14,204,767 | 13,284,225 | 13,718,704 | 14,486,737 | 14,147,377 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for service | 674,366 | 756,441 | 791,419 | 822,310 | 921,101 | 902,276 | 859,799 | 713,642 | 790,963 | 817,996 |
| Operating grants and contributions | 1,027,192 | 1,095,929 | 1,447,204 | 1,470,246 | 962,558 | 1,019,045 | 1,064,459 | 1,143,405 | 1,451,961 | 1,139,627 |
| Total governmental activities program revenues | 1,701,558 | 1,852,370 | 2,238,623 | 2,292,556 | 1,883,659 | 1,921,321 | 1,924,258 | 1,857,047 | 2,242,924 | 1,957,623 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food Service | 39,777 | 36,027 | 32,898 | 28,353 | 29,283 | 35,363 | 43,803 | 35,382 | 42,088 | 44,596 |
| Community Service Programs | 191,653 | 221,620 | 239,864 | 249,374 | 700,986 | 252,130 | 42,441 | 61,445 | 105,694 | 101,562 |
| Operating grants and contributions | 19,934 | 20,488 | 17,111 | 19,314 | 20,964 | 19,882 | 23,834 | 24,796 | 18,741 | 17,845 |
| Total business-type activities program revenues | 251,364 | 278,135 | 289,873 | 297,041 | 751,233 | 307,375 | 110,078 | 121,623 | 166,523 | 164,003 |
| Total district program revenues | 1,952,922 | 2,130,505 | 2,528,496 | 2,589,597 | 2,634,892 | 2,228,696 | 2,034,336 | 1,978,670 | 2,409,447 | 2,121,626 |

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (10,699,569) | (11,152,290) | (12,108,759) | (11,696,387) | (12,388,617) | (11,884,008) | (11,190,433) | (11,693,089) | (12,067,934) | (11,981,522) |
| Business-type activities | (75,948) | (102,992) | (140,930) | (105,769) | (18,711) | (92,061) | (59,457) | (46,946) | (9,356) | (44,229) |
| Total district-wide net expense | <u>(10,775,517)</u> | <u>(11,255,282)</u> | <u>(12,249,689)</u> | <u>(11,802,156)</u> | <u>(12,407,328)</u> | <u>(11,976,069)</u> | <u>(11,249,890)</u> | <u>(11,740,035)</u> | <u>(12,077,290)</u> | <u>(12,025,751)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | 8,814,543 | 10,065,488 | 10,173,118 | 10,173,118 | 10,173,118 | 9,987,118 | 10,536,409 | 10,536,409 | 10,536,409 | 10,511,408 |
| Unrestricted grants and contributions | 876,370 | 909,246 | 882,774 | 914,371 | 907,965 | 697,421 | 409,840 | 616,682 | 585,090 | 642,013 |
| Transportation Fees | | | | | | | | | 20,575 | |
| Investment earnings | 33,873 | 70,284 | 107,930 | 73,291 | 40,293 | 33,818 | 18,419 | 13,833 | 4,021 | 3,512 |
| Miscellaneous income | 95,201 | 99,363 | 134,942 | 85,640 | 3,956 | 181,665 | 147,269 | 101,473 | 113,445 | 85,923 |
| Funds received from the City of Margate | 89,844 | | | | | | | | | |
| Schools Construction Corporation | | 1,415,016 | | | | | | | | 683 |
| State of New Jersey, Board of Public Utilities | | 2,026,333 | | | | | | | | |
| Debt service assessment | | | | | | | | | | |
| Special items | | | | | | | | | | |
| Transfers | (77,145) | (83,180) | (95,435) | (111,042) | (112,613) | 12,730 | (75,050) | (43,645) | (59,899) | 175,726 |
| Total governmental activities | <u>9,832,686</u> | <u>14,502,550</u> | <u>11,203,329</u> | <u>11,135,378</u> | <u>11,016,551</u> | <u>(83,717)</u> | <u>10,978,902</u> | <u>11,169,215</u> | <u>(53,870)</u> | <u>(57,131)</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 142 | 226 | 618 | 198 | 145 | 217 | 244 | 131 | 39 | 37 |
| Transfers | 77,145 | 83,180 | 95,435 | 111,042 | 112,613 | 83,717 | 57,985 | 55,589 | 53,870 | 57,131 |
| Total business-type activities | <u>77,287</u> | <u>83,406</u> | <u>96,053</u> | <u>111,240</u> | <u>112,758</u> | <u>83,934</u> | <u>58,229</u> | <u>55,720</u> | <u>53,909</u> | <u>57,168</u> |
| Total district-wide | <u>9,909,973</u> | <u>14,585,956</u> | <u>11,299,382</u> | <u>11,246,618</u> | <u>11,129,309</u> | <u>10,912,969</u> | <u>11,037,131</u> | <u>11,224,935</u> | <u>8,319,076</u> | <u>11,419,302</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | (866,883) | 3,350,260 | (905,430) | (561,009) | (1,372,066) | (1,054,973) | (211,531) | (523,874) | (3,802,767) | (619,388) |
| Business-type activities | 1,339 | (19,586) | (44,877) | 5,471 | 94,047 | (8,127) | (1,228) | 8,774 | 44,553 | 12,939 |
| Total district | <u>(865,544)</u> | <u>3,330,674</u> | <u>(950,307)</u> | <u>(555,538)</u> | <u>(1,278,019)</u> | <u>(1,063,100)</u> | <u>(212,759)</u> | <u>(515,100)</u> | <u>(3,758,214)</u> | <u>(606,449)</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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund | | | | | | | | | | |
| Restricted | | | | | | | 1,635,446 | 1,792,708 | 1,391,486 | 1,333,520 |
| Assigned | | | | | | | 404,163 | 229,667 | 262,585 | 202,786 |
| Unassigned | | | | | | | 250,000 | 231,249 | 221,382 | 221,490 |
| Reserved | 560,105 | 1,537,772 | 2,001,317 | 2,476,616 | 2,283,403 | 1,457,396 | | | | |
| Unreserved | 821,310 | 200,960 | 222,614 | 225,220 | 207,721 | 182,933 | | | | |
| Total general fund | <u>1,381,415</u> | <u>1,738,732</u> | <u>2,223,931</u> | <u>2,701,836</u> | <u>2,491,124</u> | <u>1,640,329</u> | <u>2,289,609</u> | <u>2,253,624</u> | <u>1,875,453</u> | <u>1,757,796</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | (2,676) | (1,109) | (1,109) | (1,109) | - | - | - | - | - | - |
| Total all other governmental funds | <u>(2,676)</u> | <u>(1,109)</u> | <u>(1,109)</u> | <u>(1,109)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Source: CAFR Schedule B-1

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Tax levy | \$ 8,814,543 | 10,065,488 | 10,173,118 | 10,173,118 | 10,173,118 | 9,987,118 | 10,536,409 | 10,536,409 | 10,536,409 | 10,511,408 |
| Tuition charges | 674,366 | 756,441 | 791,419 | 822,310 | 921,101 | 902,276 | 859,799 | 713,642 | 790,963 | 817,996 |
| Transportation Fees | | | | | | | | | 20,575 | |
| Interest earnings | 33,873 | 70,284 | 107,930 | 73,291 | 40,293 | 33,818 | 18,419 | 13,833 | 4,021 | 3,512 |
| Miscellaneous | 95,201 | 99,363 | 134,942 | 85,640 | 3,956 | 181,665 | 147,269 | 101,473 | 113,445 | 85,923 |
| Local sources | 23,589 | 19,290 | 55,745 | 98,823 | 70,685 | 27,669 | 27,809 | 30,707 | 22,750 | 22,272 |
| State sources | 1,601,117 | 1,740,001 | 1,992,247 | 2,010,726 | 1,561,634 | 1,378,151 | 1,131,614 | 1,473,639 | 1,821,280 | 1,502,202 |
| Federal sources | 278,856 | 255,363 | 281,985 | 275,066 | 238,203 | 310,846 | 314,876 | 255,742 | 193,021 | 257,168 |
| Total revenue | 11,521,545 | 13,006,230 | 13,537,386 | 13,538,974 | 13,008,990 | 12,821,343 | 13,036,195 | 13,125,445 | 13,502,464 | 13,200,481 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 3,326,526 | 3,724,600 | 3,524,097 | 3,535,494 | 3,852,547 | 3,757,746 | 3,533,259 | 3,257,969 | 3,650,045 | 3,736,712 |
| Special education instruction | 301,347 | 314,132 | 331,302 | 351,422 | 377,386 | 417,950 | 574,766 | 652,140 | 689,544 | 654,142 |
| Other special instruction | 209,357 | 228,481 | 212,028 | 216,183 | 221,675 | 203,766 | 199,068 | 214,348 | 122,947 | 129,238 |
| Other instruction | 299,637 | 306,876 | 345,391 | 340,432 | 61,018 | 70,678 | 51,274 | 63,980 | 59,721 | 68,823 |
| Nonpublic school programs | 52,347 | 51,245 | 69,505 | 55,575 | | | | | | |
| Support Services: | | | | | | | | | | |
| Tuition | 1,976,926 | 2,294,753 | 2,309,581 | 2,448,833 | 2,777,429 | 2,892,861 | 2,165,111 | 2,175,007 | 2,398,474 | 2,343,182 |
| Student & instruction related services | 909,229 | 921,043 | 1,066,386 | 1,167,289 | 1,311,368 | 1,341,033 | 1,181,383 | 1,309,101 | 1,366,897 | 1,261,814 |
| General administrative services | 473,367 | 455,801 | 507,300 | 519,687 | 611,383 | 238,702 | 160,552 | 151,645 | 172,345 | 177,121 |
| School Administrative services | 232,409 | 216,516 | 233,993 | 232,374 | 240,961 | 648,050 | 613,366 | 544,363 | 498,877 | 578,278 |
| Administrative Information Technology | | | 10,174 | 13,680 | 14,228 | 14,798 | 15,390 | 15,698 | 16,326 | 16,980 |
| Plant operations and maintenance | 1,549,618 | 1,588,408 | 1,552,958 | 1,403,395 | 1,188,993 | 1,346,054 | 911,397 | 1,260,992 | 1,081,835 | 1,200,092 |
| Pupil transportation | 255,981 | 267,644 | 263,575 | 269,098 | 332,016 | 296,476 | 363,301 | 414,075 | 415,571 | 361,710 |
| Unallocated employee benefits | 1,712,861 | 1,902,251 | 2,292,621 | 2,286,656 | 1,939,389 | 2,246,083 | 2,249,507 | 2,532,386 | 2,856,547 | 2,538,930 |
| Charter Schools | 144,999 | 129,715 | 117,897 | 82,068 | 100,678 | 63,937 | 193,266 | 341,825 | 375,423 | 156,753 |
| Capital outlay | 135,769 | 3,486,730 | 119,944 | 27,841 | 80,741 | 63,017 | 140,136 | 128,719 | 62,314 | 37,915 |
| Total expenditures | 11,580,373 | 15,888,195 | 12,956,752 | 12,950,027 | 13,109,812 | 13,601,151 | 12,351,776 | 13,062,248 | 13,766,866 | 13,261,690 |
| Excess (Deficiency) of revenues over (under) expenditures | \$ (58,828) | (2,881,965) | 580,634 | 588,947 | (100,822) | (779,808) | 684,419 | 63,197 | (264,402) | (61,209) |

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|--------------------|------------------|-----------------|------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|
| Other Financing sources (uses) | | | | | | | | | | |
| City of Margate Bond Proceeds | \$ 89,844 | | | | | | | | | 683 |
| Schools Construction Corporation | | 1,415,016 | | | | | | | | |
| State of NJ, Board of Public Utilities | | 2,026,333 | | | | | | | | |
| Cancellation of prior year purchase orders | | | | | 101 | 12,730 | | 52 | | |
| Insurance & FEMA recoveries for Storm Damage | | | | | | | | | 173,511 | |
| Expenses related to Storm Damage | | | | | | | (75,050) | (43,645) | (173,511) | |
| Debt service assessment | | | | | | | 97,896 | | (59,899) | |
| Capital leases (non-budgeted) | | | | | | | (57,985) | (55,589) | (53,870) | (57,131) |
| Transfers out | (77,145) | (83,180) | (93,435) | (111,042) | (112,613) | (83,717) | (35,139) | (99,182) | (113,769) | (56,448) |
| Total other financing sources (uses) | <u>12,699</u> | <u>3,358,169</u> | <u>(93,435)</u> | <u>(111,042)</u> | <u>(112,512)</u> | <u>(70,987)</u> | <u>(35,139)</u> | <u>(99,182)</u> | <u>(113,769)</u> | <u>(56,448)</u> |
| Net change in fund balances | <u>\$ (46,129)</u> | <u>476,204</u> | <u>487,199</u> | <u>477,905</u> | <u>(213,334)</u> | <u>(850,795)</u> | <u>649,280</u> | <u>(35,985)</u> | <u>(378,171)</u> | <u>(117,657)</u> |
| 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 |
|-------------------------------|----------------------------|-----------------------|---------|-----------------------|--------------------------------|-----------------------|--------|---------|-------|
| | | | | | Services Provided | Prior Year Refunds | | | |
| 2005 | \$ 33,873 | 92,783 | 1,160 | | | | 1,258 | 129,074 | |
| 2006 | 70,284 | 91,183 | 685 | | | | 189 | 162,341 | |
| 2007 | 107,930 | 81,011 | | | | 53,644 | 287 | 242,872 | |
| 2008 | 73,291 | 84,340 | 175 | | | | 1,125 | 158,931 | |
| 2009 | 40,293 | | 1,800 | | | | 2,156 | 44,249 | |
| 2010 | 33,818 | | 3,350 | 145,878 | | | 32,437 | 215,483 | |
| 2011 | 18,419 | | | 136,240 | | 9,213 | 1,816 | 165,688 | |
| 2012 | 13,833 | | | 93,000 | | 3,371 | 5,102 | 115,306 | |
| 2013 | 4,021 | | | 63,562 | 34,852 | 13,652 | 36,901 | 152,988 | |
| 2014 | 3,512 | | | 78,720 | | 320 | 6,883 | 89,435 | |

(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, | Vacant Land | Residential | Farm Reg. | Q/farm | Commercial | Industrial | Apartment | Total Assessed Value | Less: Tax-Exempt Property | Public Utilities ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|----------------------------|-------------|---------------|-----------|--------|------------|------------|-----------|----------------------|---------------------------|-------------------------------|-----------------------|---|---|
| ^c 2005 | 88,172,700 | 3,084,114,800 | | | 90,982,300 | | 9,492,500 | 3,272,772,300 | - | 1,286,221 | 3,274,070,521 | 0.269 | 2,578,008,284 |
| 2006 | 66,234,400 | 3,146,143,700 | | | 87,519,500 | | 7,984,300 | 3,307,881,900 | - | 1,188,239 | 3,309,070,139 | 0.304 | 3,226,472,444 |
| 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 | 3,817,269,191 |
| 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 | - | 1,090,530 | 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 | 3,498,646,000 | - | 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 | 3,894,182,246 |

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.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100

^c The City under went a complete revaluation of property values effective for the 2005 tax year.

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 | | | | | | | Total Direct and Overlapping Tax Rate |
|----------------------------|------------------------------------|--------------------------------------|--------------|-----------------|---------------------------|-----------------|-------|---------------------------------------|
| | General | | Total Direct | City of Margate | Local Municipal Library c | Atlantic County | | |
| | Basic Rate ^a | Obligation Debt Service ^b | | | | | | |
| * 2005 | \$ 0.288 | 0.045 | 0.333 | 0.496 | | 0.295 | 1.124 | |
| 2006 | 0.306 | 0.045 | 0.351 | 0.530 | | 0.323 | 1.204 | |
| 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 | |

* Revaluation of properties effective for the 2005 tax year

Source: District Records and Municipal Tax Collector

Note: NJS A 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 | 2014 | | | 2005 | | |
|-----------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| Taxpayer #1 | 5,917,400 | 1 | 0.17% | 3,740,900 | 1 | 0.11% |
| Taxpayer #2 | 4,542,400 | 2 | 0.13% | 3,548,000 | 2 | 0.11% |
| Taxpayer #3 | 4,348,600 | 3 | 0.12% | 3,511,400 | 3 | 0.11% |
| Holy Name Province | | | | 3,334,700 | 4 | 0.10% |
| Taxpayer #4 | 4,325,000 | 4 | 0.12% | 3,310,700 | 5 | 0.10% |
| JJM Trust | | | | 3,215,700 | 6 | 0.10% |
| Margate Partners, LLC | 4,111,200 | 5 | 0.12% | | | |
| Taxpayer #5 | 4,051,700 | 6 | 0.11% | 3,177,200 | 7 | 0.10% |
| Taxpayer #6 | 3,988,700 | 7 | 0.11% | 3,137,600 | 8 | 0.10% |
| Star Bright Star Light, LLC | 3,740,900 | 8 | 0.11% | | | |
| Taxpayer #7 | 3,548,000 | 9 | 0.10% | 3,071,100 | 9 | 0.09% |
| Taxpayer #8 | 3,511,400 | 10 | 0.10% | 2,993,500 | 10 | 0.09% |
| Total | 42,085,300 | | 1.19% | 33,040,800 | | 1.01% |

Total Assessed Value 3,526,571,442 3,274,070,521

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 | |
| 2005 | 8,814,543 | 8,814,543 | 100% | - |
| 2006 | 10,065,488 | 10,065,488 | 100% | - |
| 2007 | 10,173,118 | 10,173,118 | 100% | - |
| 2008 | 10,173,118 | 10,173,118 | 100% | - |
| 2009 | 10,173,118 | 10,173,118 | 100% | - |
| 2010 | 9,987,118 | 9,987,118 | 100% | - |
| 2011 | 10,536,409 | 10,536,409 | 100% | - |
| 2012 | 10,536,409 | 10,536,409 | 100% | - |
| 2013 | 10,536,409 | 10,536,409 | 100% | - |
| 2014 | 10,511,408 | 10,511,408 | 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 ^a | Per Capita ^a |
|----------------------------|--------------------------|-------------------------------|----------------|--------------------------------|--------------------------|--------------------------|----------------|--|-------------------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | Business-Type Activities | | | |
| 2005 | 17,815,000 | - | 115,843 | - | - | 17,930,843 | 0.01% | 2,092 | |
| 2006 | 16,465,000 | - | - | - | - | 16,465,000 | 0.01% | 1,931 | |
| 2007 | 15,740,000 | - | - | - | - | 15,740,000 | 0.01% | 1,850 | |
| 2008 | 14,965,000 | - | - | - | - | 14,965,000 | 0.01% | 1,762 | |
| 2009 | 14,165,000 | - | - | - | - | 14,165,000 | 0.01% | 1,662 | |
| 2010 | 13,035,000 | - | - | - | - | 13,035,000 | 0.02% | 2,050 | |
| 2011 | 12,135,000 | - | 97,066 | - | - | 12,232,066 | 0.02% | 1,927 | |
| 2012 | 11,605,000 | - | 75,668 | - | - | 11,680,668 | 0.02% | 1,840 | |
| 2013 | 10,580,000 | - | 55,255 | - | - | 10,635,255 | 0.02% | 1,677 | |
| 2014 | 9,535,000 | - | 33,442 | - | - | 9,568,442 | 0.02% | 1,509 | |

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

^a 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

| <u>General Bonded Debt Outstanding</u> | | | | | | |
|--|--------------------------------|------------|---|--|-------------------------|--|
| Fiscal Year Ended June 30, | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b | |
| 2005 | 17,815,000 | - | 17,815,000 | 0.54% | 2,078 | |
| 2006 | 16,465,000 | - | 16,465,000 | 0.50% | 1,931 | |
| 2007 | 15,740,000 | - | 15,740,000 | 0.47% | 1,850 | |
| 2008 | 14,965,000 | - | 14,965,000 | 0.44% | 1,762 | |
| 2009 | 14,165,000 | - | 14,165,000 | 0.41% | 1,662 | |
| 2010 | 13,035,000 | - | 13,035,000 | 0.38% | 2,050 | |
| 2011 | 12,135,000 | - | 12,135,000 | 0.35% | 1,911 | |
| 2012 | 11,605,000 | - | 11,605,000 | 0.33% | 1,826 | |
| 2013 | 10,580,000 | - | 10,580,000 | 0.30% | 1,668 | |
| 2014 | 9,535,000 | - | 9,535,000 | 0.27% | 1,503 | |

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, 2014
Unaudited

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| City of Margate | \$ 36,537,202 | 100.00% | 36,537,202 |
| Atlantic County | 112,039,000 | 9.11% | 10,202,210 |
| Other debt | | | |
| None | | | |
| | | | 46,739,412 |
| Subtotal, overlapping debt | | | |
| City of Margate School District debt | 9,535,000 | 100.00% | 9,535,000 |
| Total direct and overlapping debt | | | \$ 56,274,412 |

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

Legal Debt Margin Calculation for Fiscal Year 2014

| Equalized valuation basis | 2013 | 2012 | 2011 |
|---------------------------|---------------|---------------|-----------------------|
| | 3,846,187,493 | 3,848,256,625 | 3,914,453,684 |
| | | | <u>11,608,897,802</u> |
| | 3,869,632,601 | | |
| | 116,088,978 | | |
| | 9,535,000 | | |
| | | | <u>106,553,978</u> |

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Average equalized valuation of taxable property | | | | | | | | | | |
| Debt limit (3% of average) | | | | | | | | | | |
| Net bonded school debt | | | | | | | | | | |
| Legal debt margin | | | | | | | | | | |
| | 63,828,277 | 78,418,578 | 95,148,552 | 109,276,149 | 118,659,735 | 121,843,280 | 122,192,050 | 120,042,194 | 117,777,260 | 116,088,978 |
| Total net debt applicable to limit | 17,815,000 | 16,465,000 | 15,740,000 | 14,965,000 | 14,165,000 | 13,035,000 | 12,135,000 | 11,605,000 | 10,580,000 | 9,535,000 |
| Legal debt margin | <u>46,013,277</u> | <u>61,953,578</u> | <u>79,408,552</u> | <u>94,311,149</u> | <u>104,494,735</u> | <u>108,808,280</u> | <u>110,057,050</u> | <u>108,437,194</u> | <u>107,197,260</u> | <u>106,553,978</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 27.91% | 21.00% | 16.54% | 13.69% | 11.94% | 10.70% | 9.93% | 9.67% | 8.96% | 8.21% |

Source: Abstract of Rates 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 ^a | Personal Income (thousands of dollars) ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|------|-------------------------|--|---|-----------------------------------|
| 2005 | 8,572 | 310,504 | 36,223 | 4.60% |
| 2006 | 8,527 | 321,911 | 37,752 | 5.10% |
| 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 | 6,328 | 252,347 | 42,099 | 11.80% |
| 2013 | 6,342 | 266,992 | 42,099 | 12.30% |
| 2014 | 6,342 | 266,992 | 42,099 | 10.00% |

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 2013

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 | 2014 | | | 2005 | | |
|----------|-----------|-----------------|--------------------------------|-----------|-----------------|--------------------------------|
| | 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>2005</u> | <u>2006</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> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Instruction | | | | | | | | | | |
| Regular | 30.00 | 31.00 | 31.00 | 33.00 | 35.00 | 44.50 | 40.00 | 36.00 | 36.00 | 36.60 |
| Special education | 11.00 | 10.00 | 10.00 | 9.00 | 9.00 | 8.50 | 10.00 | 12.00 | 12.00 | 11.00 |
| Other special education | 18.00 | 18.00 | 14.00 | 11.00 | 11.00 | 5.50 | 4.50 | 4.50 | 4.50 | 2.00 |
| Other instruction | 3.00 | 3.00 | 4.00 | 5.00 | 5.00 | 3.50 | - | - | - | - |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 23.50 | 19.00 | 19.50 | 19.50 | 20.10 |
| General administrative services | 7.00 | 8.00 | 8.00 | 10.00 | 9.00 | 6.50 | 5.00 | 5.00 | 5.00 | 5.00 |
| School administrative services | 7.00 | 7.00 | 7.00 | 6.00 | 5.00 | 3.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Plant operations and maintenance | 2.00 | 2.00 | 1.00 | 1.00 | 1.00 | 1.50 | 12.50 | 13.50 | 13.00 | 13.00 |
| Food Service | 10.00 | 10.00 | 11.00 | 11.00 | 11.00 | 4.00 | 4.00 | 3.00 | 3.00 | 3.00 |
| Total | 109.00 | 110.00 | 107.00 | 107.00 | 107.00 | 101.00 | 97.50 | 96.00 | 95.50 | 93.20 |

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 ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Elementary | Intermediate School | Middle School | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
| 2005 | 573 | 11,657,518 | 20,345 | 6.18% | 69 | 09.3:1 | 10.0:1 | 10.7:1 | 572 | 543 | -2.56% | 94.93% |
| 2006 | 585 | 15,971,375 | 27,301 | 34.19% | 67 | 10.3:1 | 12.9:1 | 10.5:1 | 584 | 552 | 2.10% | 94.52% |
| 2007 | 593 | 13,050,187 | 22,007 | -19.39% | 67 | 10.7:1 | 9.1:1 | 9.3:1 | 571 | 546 | -2.23% | 95.62% |
| 2008 | 548 | 13,061,069 | 23,834 | 8.30% | 60 | 12.1:1 | 12.7:1 | 10.3:1 | 541 | 508 | -5.31% | 94.03% |
| 2009 | 609 | 13,222,425 | 21,712 | -8.90% | 57 | 10.9:1 | 9.9:1 | 8.3:1 | 588 | 553 | 8.75% | 94.05% |
| 2010 | 576 | 13,684,868 | 23,758 | 9.43% | 61 | 8.4:1 | 7.5:1 | 7.3:1 | 575 | 533 | -2.21% | 92.70% |
| 2011 | 506 | 12,409,761 | 24,296 | 2.26% | 56 | 9.3:1 | 6.9:1 | 7.1:1 | 512 | 482 | -10.96% | 94.14% |
| 2012 | 490 | 13,117,837 | 26,544 | 9.25% | 49 | 8.9:1 | - | 8.5:1 | 490 | 466 | -4.30% | 95.10% |
| 2013 | 475 | 13,820,736 | 29,096 | 9.62% | 58 | 8.9:1 | - | 10.0:1 | 473 | 434 | -3.47% | 91.75% |
| 2014 | 456 | 13,318,821 | 29,208 | 0.38% | 61 | 9.0:1 | - | 10.0:1 | 456 | 423 | -3.57% | 92.74% |

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> | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Union Avenue Elementary School (B) | | | | | | | | | | |
| Square Feet | 48,369 | 48,369 | 48,369 | 48,369 | 48,369 | 48,369 | 48,369 | 48,369 | - | - |
| Capacity (students) (A) | 227 | 227 | 227 | 227 | 227 | 227 | - | - | - | - |
| Enrollment | 186 | 225 | 225 | 204 | 231 | 203 | - | - | - | - |
| William H. Ross School | | | | | | | | | | |
| 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 | 232 | 232 | 273 | 273 | 273 | 273 |
| Enrollment | 190 | 184 | 184 | 175 | 189 | 175 | 268 | 249 | 242 | 239 |
| Eugene A. Tighe School | | | | | | | | | | |
| Square Feet | 87,718 | 87,718 | 87,718 | 87,718 | 87,718 | 87,718 | 87,718 | 87,818 | 87,818 | 87,818 |
| Capacity (students) (A) | 237 | 237 | 237 | 237 | 237 | 237 | 257 | 257 | 257 | 257 |
| Enrollment | 198 | 195 | 184 | 169 | 189 | 198 | 249 | 242 | 233 | 217 |

Number of Schools at June 30, 2014
 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 # | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------------|-----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| School Facilities | | | | | | | | | | | |
| Union Avenue Elementary | 00251.00 | 33,258 | 36,583 | 39,847 | 60,633 | 41,001 | 38,939 | 37,280 | 26,129 | 974 | - |
| Eugene A. Tighe Middle | 00251.00 | 60,180 | 61,208 | 72,085 | 72,191 | 74,357 | 71,616 | 78,155 | 112,882 | 130,264 | 137,531 |
| William H. Ross III Intermediate | 00251.00 | 62,957 | 60,011 | 65,314 | 60,634 | 67,380 | 66,799 | 130,004 | 190,663 | 194,465 | 231,489 |
| Grand Total | | <u>156,395</u> | <u>157,802</u> | <u>177,246</u> | <u>193,458</u> | <u>182,738</u> | <u>177,354</u> | <u>245,439</u> | <u>329,674</u> | <u>325,703</u> | <u>369,020</u> |

CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Insurance Schedule
June 30, 2014
Unaudited

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| School Package Policy | | |
| Property - Blanket Building & Contents | 250,000,000 | 5,000 |
| Extra Expense - Blanket | 5,000,000 | 5,000 |
| Property Extensions of Coverage | | |
| Debris Removal | 250,000 | |
| Food Spoilage | 50,000 | |
| Miscellaneous Property | 100,000 | 1,000 |
| Outside Signs (\$2,500 maximum per item) | 10,000 | 1,000 |
| 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 |
| Valuable Papers and Records | 5,000,000 | 500 |
| School Music Extension | | |
| Instruments | 100,000 | |
| Uniforms | 25,000 | |
| EDP Including Software | 2,500,000 | 5,000 |
| Miscellaneous School Property | 250,000 | |
| Camera & Audio Visual Equipment | 10,000 | 1,000 |
| Contractor's Equipment | 250,000 | 10,000 |
| Utility Services Direct Damage | 250,000 | 5,000 |
| Earthquake | 5,000,000 | 250,000 |
| Additional Flood Coverage | 5,000,000 | 50,000 |
| Flood Insurance Zone A or V | | |
| Per Building | 1,000,000 | 500,000 |
| Per Contents | 1,000,000 | 500,000 |
| Flood Insurance Zone B | | |
| Per Building | 2,000,000 | 100,000 |
| Per Contents | 2,000,000 | 100,000 |
| Boiler and Machinery | | |
| Property Damage | 100,000,000 | 1,000 |
| Blanket Business Income/Extra Expense | 1,000,000 | 5,000 |
| 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 |

CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Insurance Schedule
June 30, 2014
Unaudited

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| Crime Insurance | | |
| Money and Securities | 50,000 | 1,000 |
| Computer Fraud | 50,000 | 1,000 |
| Forgery or Alteration | 50,000 | 1,000 |
| 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 |
| 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 |
| Umbrella Policy | | |
| Umbrella Policy, each occurrence/annual aggregate | 5,000,000 | 10,000 |
| Federal Flood | | |
| Union Avenue School | 500,000 | 5,000 |
| Eugene A. Tighe School | 500,000 | 5,000 |
| William H. Ross School | 500,000 | 5,000 |
| 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.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Single Audit Section

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

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 (a component unit of the City of Margate), as of and for the year ended June 30, 2014, 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 October 9, 2014.

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**

October 9, 2014



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

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 (a component unit of the City of Margate) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 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, 2014. 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 Circular A-133, and New Jersey 04-04 *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, 2014.

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 OMB Circular A-133 and NJ OMB 04-04, 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 OMB Circular A-133 and NJ OMB 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by Required by OMB Circular A-133 and NJ OMB 04-04

We have audited the financial statements of 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, 2014, and have issued our report thereon dated October 9, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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**

October 9, 2014

CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Schedule of Expenditures of Federal Award
For the Fiscal Year Ended June 30, 2014

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant or State Project Number | Grant Period | Program or Award Amount | Balance at June 30, 2013 | Carryover Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years Balances | Adjustments | Balance at June 30, 2014 | | |
|--|---------------------------|----------------------------------|------------------|-------------------------------|--------------------------------|---------------------|------------------|---------------------------|---|-------------|--------------------------|---------------------|-------------------|
| | | | | | | | | | | | Accounts Receivable | Unearned Revenue | Due to Grantor |
| U. S. Department of Agriculture | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | |
| Food Distribution Program | 10.550 | | 7/1/13 - 6/30/14 | 1,142 \$ | | | 1,142 | (1,142) | | | | | |
| National School Lunch Program | 10.555 | | 7/1/12 - 6/30/13 | 16,120 | (3,701) | | 3,701 | | | | | | |
| National School Lunch Program | 10.555 | | 7/1/13 - 6/30/14 | 16,248 | | | 12,965 | (16,248) | | | | (3,283) | |
| Total U.S. Department of Agriculture | | | | | (3,701) | | 17,808 | (17,390) | | | | (3,283) | |
| U.S. Department of Education | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | |
| No Child Left Behind | | | | | | | | | | | | | |
| Title I, Part A | 84.010 | NCLB302013 | 9/1/12 - 8/31/13 | 41,547 | (4,271) | | 26,911 | (22,640) | | | | | |
| Title I, Part A | 84.010 | NCLB302014 | 9/1/13 - 6/30/14 | 44,120 | | | 13,211 | (14,226) | | | | (1,015) | |
| Title II, Part A, Teachers & Principals Training | 84.367A | NCLB302013 | 9/1/12 - 8/31/13 | 19,339 | (330) | | 560 | (250) | | | | (273) | |
| Title II, Part A, Teachers & Principals Training | 84.367A | NCLB302014 | 9/1/13 - 6/30/14 | 21,241 | (4,601) | | 19,364 | (19,637) | | | | (273) | |
| Subtotal No Child Left Behind | | | | | | | 60,066 | (56,753) | | | | (1,288) | |
| I.D.E.A. Part B - Basic | 84.027 | IDEA302013 | 9/1/12 - 8/31/13 | 159,407 | (45,044) | | 62,976 | (17,932) | | | | (52,911) | |
| I.D.E.A. Part B - Basic | 84.027 | IDEA302014 | 9/1/13 - 6/30/14 | 13,274 | | | 1,271 | (171,322) | | | | | |
| I.D.E.A. Part B - Preschool | 84.027 | IDEA302013 | 9/1/12 - 8/31/13 | 12,710 | (5,429) | | 5,429 | | | | | | |
| I.D.E.A. Part B - Preschool | 84.027 | IDEA302014 | 9/1/13 - 6/30/14 | 8,433 | | | 8,433 | (6,433) | | | | | |
| Subtotal I.D.E.A. Part B | | | | | | | 195,249 | (197,697) | | | | (52,911) | |
| REBEL II | NA | NA | 7/1/08 - 6/30/09 | 780 | 10 | | | | | | | | 10 |
| Total Special Revenue Fund | | | | | (55,064) | | 255,315 | (254,440) | | | | (54,199) | |
| Total Federal Financial Awards | | | | | (58,765) | | 273,123 | (271,830) | | | | (57,482) | |

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 Assistant
For the Fiscal Year Ended June 30, 2011.

| Federal Grantor/Pass-Through Grantor/ Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2013 | | | Cash Received | Budgetary Expenditures | Adjustments/ Repayment of Prior Year's Balances | Balance at June 30, 2014 | | | MEMO | |
|--|----------------------------------|-----------------|-----------------|---|-------------------|---------------------|------------------|---------------------------|--|--------------------------|---------------------|-------------------|---------------|--------------------------|
| | | | | Deferred Revenues/ (Accounts Receivable) | Due to Grantor | Carryover Amount | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | | Budgetary Receivables |
| State Department of Education | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | |
| Categorical Special Education Aid | 495-03-4-51-20-089 | 7/11/3-6/30/14 | 312,910 | | | | 312,910 | | | | | | 16,634 | 312,910 |
| Categorical Security Aid | 495-03-4-51-20-084 | 7/11/3-6/30/14 | 43,753 | | | | 43,753 | | | | | | 2,326 | 43,753 |
| Adjustment Aid | 495-03-4-51-20-085 | 7/11/3-6/30/14 | 46,463 | | | | 46,463 | | | | | | 2,416 | 45,463 |
| Categorical Transportation Aid | 495-03-4-51-20-014 | 7/11/3-6/30/14 | 134,194 | | | | 134,194 | | | | | | 7,134 | 134,194 |
| Extraordinary Aid | N/A | 7/11/3-6/30/14 | 82,838 | | | | | | (82,838) | | | | | 82,838 |
| Extraordinary Aid | N/A | 7/11/3-6/30/13 | 52,060 | | (52,060) | | | | | | | | | 52,060 |
| Reimbursed Non Public Transportation Aid | N/A | 7/11/3-6/30/14 | 22,360 | | | | | | | | | | | 22,360 |
| Reimbursed Non Public Transportation Aid | N/A | 7/11/3-6/30/13 | 9,916 | | (9,916) | | | | | | | | | 9,916 |
| Reimbursed Non Public Transportation Aid | N/A | 7/11/3-6/30/14 | 338,282 | | | | 338,282 | | | | | | | 338,282 |
| Reimbursed TPAF Social Security Contributions | 495-03-4-5095-006 | 7/11/3-6/30/14 | 338,282 | | | | | | | | | | | 338,282 |
| Total General Fund | | | 874,989 | (61,976) | - | - | 874,989 | (980,187) | - | (105,198) | - | - | 28,510 | 1,056,026 |
| State Department of Agriculture | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 100-010-3350-023 | 7/11/2-6/30/13 | 509 | | (128) | | 128 | | | | | | | 677 |
| National School Lunch Program (State Share) | 100-010-3350-023 | 7/11/3-6/30/14 | 455 | | | | 344 | | | (111) | | | | 509 |
| Total Enterprise Fund | | | 964 | (128) | - | - | 472 | (455) | - | (111) | - | - | - | 1,186 |
| Total State Financial Assistance | | | \$ 1,828 | (62,106) | - | - | 875,461 | (980,642) | - | (105,309) | - | - | 28,510 | 1,058,112 |

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

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to the Schedules of Financial Assistance
June 30, 2014**

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and NJ OMB Circular 04-04, *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 \$108 for the general fund and \$2,728 for the special revenue 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 Board of Education
(A Component Unit of the City of Margate)
Notes to the Schedules of Financial Assistance
June 30, 2014**

| | <u>General Fund</u> | <u>Food Service Fund</u> | <u>Total</u> |
|---|-------------------------|----------------------------------|--------------|
| State Assistance: | | | |
| Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance | \$980,187 | 455 | 980,642 |
| Difference – budget to "GAAP" On-behalf payments recognized for GAAP statements but not included in the Schedule of Financial Assistance | 521,907 | | 521,907 |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 28,618 | | 28,618 |
| State aid payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year. | (28,510) | | (28,510) |
| Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances/net position | \$1,502,202 | 455 | 1,502,657 |

{This space intentionally left blank}

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to the Schedules of Financial Assistance
June 30, 2014**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Food Service Fund</u> | <u>Total</u> |
|---|-------------------------|---------------------------------|------------------------------|----------------|
| Federal Assistance: | | | | |
| Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards | \$0 | 254,440 | 17,390 | 271,830 |
| Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | 2,728 | | 2,728 |
| Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances/net position | <u>\$0</u> | <u>257,168</u> | <u>17,390</u> | <u>274,558</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 amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2014. 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, 2014.

**CITY OF MARGATE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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> |
|-----------------------|-----------------------------------|
| 495-034-5120-089 | Categorical Special Education Aid |
| 495-034-5120-084 | Categorical Security Aid |
| 495-034-5120-085 | Adjustment Aid |
| | |
| | |
| | |
| | |
| | |

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

\$300,000

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, 2014**

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, 2013**

STATUS OF PRIOR YEAR FINDINGS

None