

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, 2015

Comprehensive Annual Financial Report

of the

Margate City Board of Education

Margate, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

Margate City Board of Education

Finance Department

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Introductory Section

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Margate City School District

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

December 2, 2015

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, 2015, 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 2014-2015 fiscal year with an enrollment of 426 students, which is 34 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.

Fiscal	Average Daily	Percent
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2014-2015	425	(6.80%)
2013-2014	456	(3.59%)
2012-2013	473	(3.47%)
2011-2012	490	(4.30%)
2010-2011	512	(10.56%)

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

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

The Public School System of City of Margate is composed of PreK-8 grade children, who reside in the City of Margate and the Borough of Longport. As of September 8, 2015 there was a total of 393 pupils enrolled in the school district. Upon completion of eighth grade, the students attend nearby Atlantic City High School, which currently enrolls approximately 90 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 8, 2015, Margate pupils were enrolled in other public schools as follows: 2 students at the CharterTech High School, 12 students at the Atlantic County Institute of Technology (ACIT), 34 students at the Ocean City High School and 3 students at the Ocean City Intermediate School. There are approximately 45 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 2015-16 school year, the District will operate on a budget of \$12,936,159 for current expenses.

The basic responsibility for the operation of the schools lies with the Superintendent of Schools. He is assisted by two directors/building principals, a supervisor of curriculum, a school business administrator, and a staff of 81 full time and 17 part time personnel during the 2014-2015 school year.

During the 2014-15 school year City of Margate District pupils were housed in two separate facilities: the Eugene A. Tighe Middle School constructed in 1956, and the William H. Ross III Intermediate School constructed in 2000. The William H. Ross III site houses the district administrative offices and grades PreK-4 and the Eugene A. Tighe School houses grades 5-8. Each building is serviced by special area teachers for performing arts, health, art, physical education, computer/technology, and a media center. In addition, a Child Study Team is available for children with special needs. The team consists of a school psychologist, a social worker, and two part time speech therapists. Learning Disabilities services are also provided by the Atlantic County Special Services School District.

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

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

1. Pre-school program for disabled 3 and 4 year old students.
2. Full day kindergarten program for all children.
3. World language instruction for all children.
4. Computer assisted instruction and assessments for all children.
5. Title 1 services for mathematics and reading in grades K-8.
6. Social services that include the 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 2015-2016 school year. These initiatives include:

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

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

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

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

For the 2015-2016 school year the district will focus on continuing to update curriculum to meet NJCCCS, the Common Core Standards, and the NCSS.

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, 2015.

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, 2015, 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,

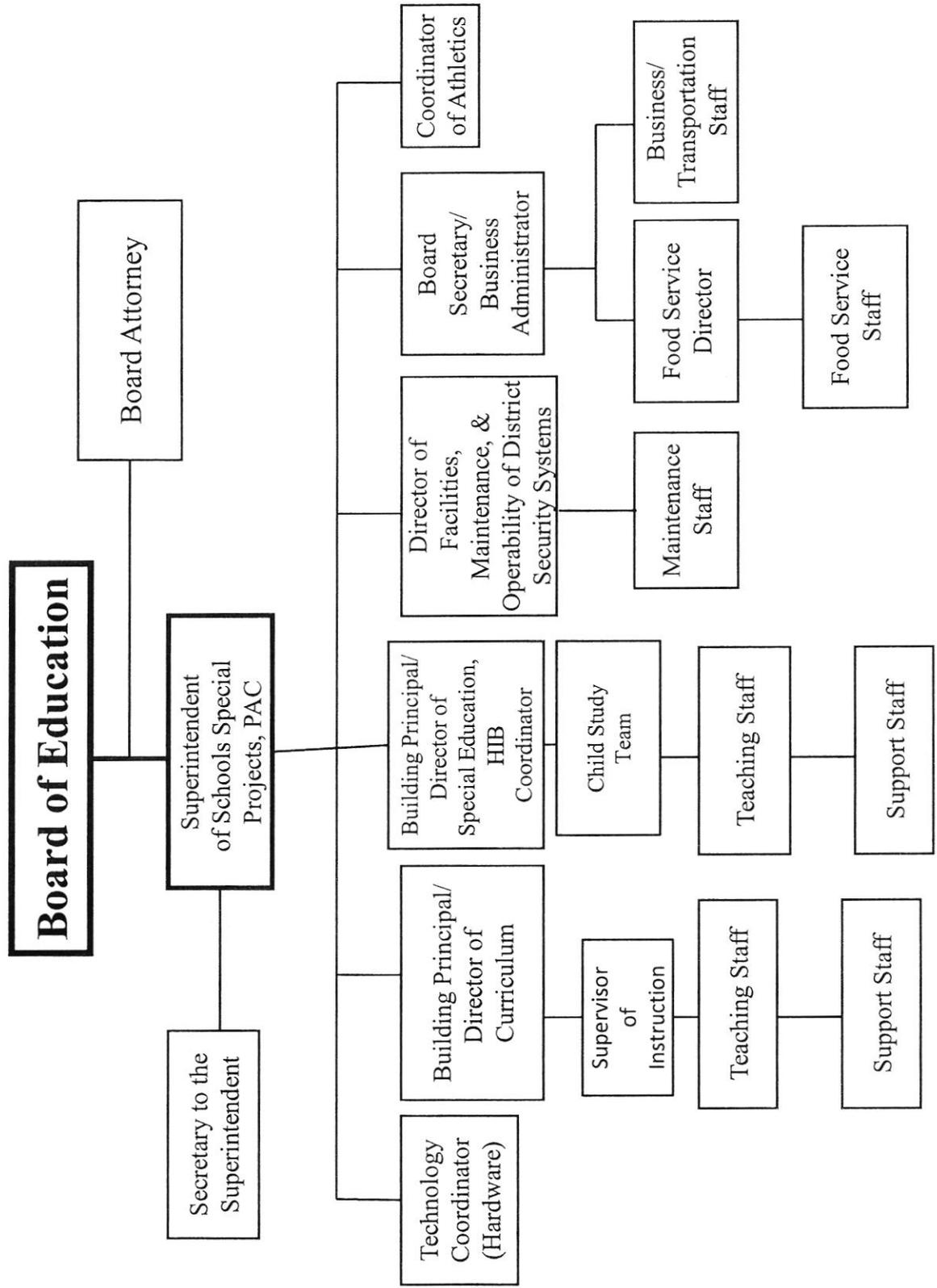
John DiNicola

John DiNicola
Superintendent

Susan E. Palaia

Susan E. Palaia, CPA
Board Secretary/Business Administrator

City of Margate Board of Education Organization Chart 2014-2015



CITY OF MARGATE BOARD OF EDUCATION

MARGATE, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jacob B. Sless, Esq., President	2018
Jim Olivo, Vice-President	2018
Kirsten Canuso (through 12/9/14)	-
Joel Frankel	2016
Catherine Horn	2017
Joanne Kulzer	2016
Tracy Santoro	2017
Lisa Youngblood (effective 1/9/15, unexpired term of Kirsten Canuso)	2018
Carl Tripician, Esq., representing Borough of Longport Board of Education	
<u>Other Officials</u>	
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

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Margate School District, Margate, New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Margate School District, Margate, New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Margate School District's basic financial statements. The introductory section, combining and individual 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 December 2, 2015 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**

December 2, 2015

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Required Supplemental Information
Part I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Margate City School District's ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. 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 \$151,714 as a result of an overall increase in operating expenses as well as capital project expenditures.
- The State of New Jersey reimbursed the District \$343,769 during the fiscal year ended June 30, 2015 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 \$661,417 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, 2015 the District had \$1,246,052 in excess surplus, of which \$646,388 has been appropriated and included as anticipated revenue in the 2016 fiscal year budget. This is compared to the prior year excess surplus of \$1,333,520, of which \$687,132 was budgeted in the 2015 fiscal year.
- During the fiscal year ended June 30, 2015, the District's revenues were \$108,519 higher than total expenditures. This increase can be attributed to an increase in state sources of revenues. During the prior fiscal year, revenue was lower than total expenditures by \$117,657.
- In the District's business-type activities, net position increased \$6,085 during the 2015 fiscal year compared to a \$12,939 increase in fiscal year 2014. Although overall participation increased, the District experienced an increase in operating expenses, primarily in the food service area.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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**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 2015 and 2014 as a result of an overall increase in spending and construction in progress. The business-type activities net position increased slightly due to the performing arts program. The financial condition of the District, excluding depreciation expense, improved during the 2015 fiscal year. Net position as of June 30, 2014 has been restated as required by implementation of GASB 68.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 2,212,281	2,159,658	18,490	110,886	2,230,771	2,270,544
Capital assets	15,575,378	15,788,030	82,654	11,392	15,658,032	15,799,422
Total assets	17,787,659	17,947,688	101,144	122,278	17,888,803	18,069,966
Long-term liabilities	3,335,813	3,262,469		15,138	3,335,813	3,277,607
Other liabilities	320,203	401,862	9,420	21,501	329,623	423,363
Total liabilities	3,656,016	3,664,331	9,420	36,639	3,665,436	3,700,970
Net position						
Invested in Capital Assets	15,575,378	15,788,030	82,654	11,392	15,658,032	15,799,422
Restricted	1,574,907	1,536,306			1,574,907	1,536,306
Unrestricted	(3,018,642)	(3,040,979)	9,070	74,247	(3,009,572)	(2,966,732)
Total net position	\$ 14,131,643	14,283,357	91,724	85,639	14,223,367	14,368,996

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, 2015, the District did have \$1,246,052 in excess fund balance, of which \$646,388 has been appropriated and included as anticipated revenue in the 2015 fiscal year budget.

Changes in net position. The total revenue of the District increased \$1,894,081 due to an increase in miscellaneous revenues and the implementation of GASB 68.

Approximately 4.42% 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.

	2015		2014	
	2015 Amount	Percentage	2014 Amount	Percentage
Property taxes	\$ 10,511,408	69.64%	\$ 10,511,408	78.92%
Unrestricted Federal and State aid	666,748	4.42%	642,013	4.82%
Tuition	894,536	5.93%	817,996	6.14%
Miscellaneous	322,592	2.14%	208,713	1.57%
Operating grants and contributions	2,699,276	17.88%	1,139,627	8.56%
Totals	\$ 15,094,560	100.00%	\$ 13,319,757	100.00%

Governmental & Business-Type Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2015 and 2014 fiscal years.

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenue						
Charges for services	\$ 894,536	817,996	133,296	146,157	1,027,832	964,153
Federal and state grants	2,699,276	1,139,627	17,195	17,845	2,716,471	1,157,472
General revenues						
Property taxes	10,511,408	10,511,408			10,511,408	10,511,408
State aid entitlements	666,748	642,013			666,748	642,013
Miscellaneous	365,767	89,435	37	37	365,804	89,472
Total revenues	15,137,735	13,200,479	150,528	164,039	15,288,263	13,364,518
Expenses						
Instruction:						
Regular	5,287,128	4,799,609			5,287,128	4,799,609
Special Education	1,045,564	861,803			1,045,564	861,803
Other special instruction	331,248	170,246			331,248	170,246
Other Instruction	90,716	90,441			90,716	90,441
Support services:						
Tuition	3,266,629	3,165,870			3,266,629	3,165,870
Student & instruction	1,952,985	1,658,039			1,952,985	1,658,039
School admin services	230,834	232,389			230,834	232,389
General admin services	753,755	775,791			753,755	775,791
Plant operations/maint	1,683,557	1,596,355			1,683,557	1,596,355
Pupil transportation	527,558	503,149			527,558	503,149
Admin info tech	25,343	22,213				22,213
Capital outlay	50,957	63,240			50,957	
Business-type activities			220,583	208,232	220,583	208,232
Total expenses	15,246,274	13,939,145	220,583	208,232	15,441,514	14,084,137
Excess (Deficiency) before Extraordinary and Special items	(108,539)	(738,666)	(70,055)	(44,193)	(178,594)	(782,859)
Special items	32,965	176,409			32,965	176,409
Transfers	(76,140)	(57,131)	76,140	57,131	-	-
Increase (decrease) in net position	\$ (151,714)	(619,388)	6,085	12,938	(145,629)	(606,450)

Business-type Activities

Revenues of the District's business-type activities decreased when compared to the prior year due to fewer meals being served. 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 \$1,866,315 which is \$108,519 higher 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 increase is also due to the increase in state revenues as well as miscellaneous revenues. Also, the District continues to monitor spending on an ongoing basis to ensure actual expenditures stay within the budget.

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

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type I School District, are approved by the Board of School Estimate. Transfers of appropriations may be made by Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the board and under certain circumstances require approval by the Executive County Superintendent of Schools. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 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 \$76,253. 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 \$603,403. This is the result of good controls over spending throughout the year. Audit exhibit C-1 does not include current year depreciation expense.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During the 2015 fiscal year, the District did not invest in any significant capital assets or projects. The decrease is mainly due to the acquisition of various items of equipment offset by depreciation on the various property and equipment owned by the District.

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 1,444,429	1,444,429	-	-	1,444,429	1,444,429
Construction in progress	438,772	11,708	-	-	438,772	11,708
Buildings and Improvements	13,156,343	13,850,630	-	-	13,156,343	13,850,630
Equipment	535,834	481,263	81,481	11,392	617,315	492,655
Total	\$ 15,575,378	15,788,030	81,481	11,392	15,656,859	15,799,422

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

Long-term Debt

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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DISTRICT - WIDE FINANCIAL STATEMENTS

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City of Margate School District
(A Component Unit of the City of Margate)
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,472,713	67,196	1,539,909
Other accounts receivable	103,199		103,199
Receivables from other governments	354,182		354,182
Interfund receivables	53,686	(53,686)	-
Other current assets	18,306	3,921	22,227
Inventory		1,059	1,059
Capital assets not being depreciated			
Construction in progress	438,772		438,772
Land	1,444,429		1,444,429
Depreciable assets, net of accumulated depreciation	13,692,177	82,654	13,774,831
Total assets	<u>17,577,464</u>	<u>101,144</u>	<u>17,678,608</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	210,195		210,195
Total Deferred Outflows of Resources	<u>210,195</u>	<u>-</u>	<u>210,195</u>
LIABILITIES			
Accounts payable	53,659	44	53,703
Unearned revenue	82,112	9,376	91,488
Noncurrent liabilities:			
Due within one year	59,096		59,096
Due beyond one year	491,809	-	491,809
Net pension liability	2,784,908		2,784,908
Total liabilities	<u>3,471,584</u>	<u>9,420</u>	<u>3,481,004</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	184,432		184,432
Total Deferred Inflows of Resources	<u>184,432</u>	<u>-</u>	<u>184,432</u>
NET POSITION			
Net investment in capital assets	15,575,378	82,654	15,658,032
Restricted for:			
Other purposes	1,574,907		1,574,907
Unrestricted net position/(deficit)	(3,018,642)	9,070	(3,009,572)
Total net position	<u>\$ 14,131,643</u>	<u>91,724</u>	<u>14,223,367</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, 2015**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 4,063,299	1,223,829	894,536	894,072	(3,498,521)		(3,498,521)
Special education	802,174	243,390		142,288	(903,275)		(903,275)
Other special instruction	259,657	71,591		41,854	(289,394)		(289,394)
Other instruction	67,558	23,158		13,538	(77,178)		(77,178)
Support services:							
Tuition	2,486,958	779,671		455,806	(2,810,823)		(2,810,823)
Student & instruction related services	1,502,509	450,476		296,214	(1,656,770)		(1,656,770)
School administrative services	175,933	54,901		32,095	(198,738)		(198,738)
General and business administrative services	578,749	175,006		102,311	(651,445)		(651,445)
Administrative Information Technology	19,461	5,883		3,439	(21,905)		(21,905)
Plant operations and maintenance	1,261,789	421,768		246,571	(1,436,986)		(1,436,986)
Pupil transportation	395,866	131,692		76,989	(450,569)		(450,569)
Unallocated benefits	2,776,396	(2,776,396)					
Capital outlay	50,957			394,099	343,142		343,142
Unallocated depreciation	804,968	(804,968)					
Total governmental activities	15,246,274	0	894,536	2,699,276	(11,652,462)	-	(11,652,462)
Business-type activities:							
Food Service	123,513		36,864	17,195	(69,454)		(69,454)
Community Service Programs	97,070		96,432		(638)		(638)
Total business-type activities	220,583	0	133,296	17,195	(70,092)		(70,092)
Total government	15,466,857	0	1,027,832	2,716,471	(11,652,462)	(70,092)	(11,722,554)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					10,511,408		10,511,408
Federal and State aid not restricted					666,748		666,748
Investment Earnings					-	37	37
Miscellaneous Income					365,767		365,767
Special item:							
Transfers					(76,140)	76,140	-
Bond Proceeds					32,965		32,965
Total general revenues and transfers					11,500,748	76,177	11,576,925
Change in Net Position					(151,714)	6,085	(145,629)
Net Position—beginning balance					14,283,357	85,639	14,368,996
Net Position—ending balance					14,131,643	91,724	14,223,367
					\$		\$

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

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City of Margate School District
(A Component Unit of the City of Margate)
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,472,713			1,472,713
Other accounts receivable	82,471	20,728		103,199
Interfund accounts receivable	292,102			292,102
Receivables from other governments	142,835		211,347	354,182
Other current assets	500	17,806	-	18,306
Total assets	1,990,621	38,534	211,347	2,240,502
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	53,234	425		53,659
Interfund accounts payable		27,069	211,347	238,416
Unearned revenue	71,072	11,040		82,112
Total liabilities	124,306	38,534	211,347	374,187
Fund Balances:				
Restricted for:				
Excess surplus	599,664			599,664
Excess surplus -- designated for Subsequent year's expenditures	646,388			646,388
Capital projects			-	-
Assigned to:				
Designated for subsequent year's expenditures:				
Unreserved fund balance	294,977			294,977
Encumbrances	33,878			33,878
Unreserved, reported in:				
General fund	291,408			291,408
Total Fund balances	1,866,315	-	-	1,866,315
Total liabilities and fund balances	1,990,621	38,534	211,347	
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.				15,575,378
Pension Liabilities Net of Deferred Outflows & Inflows				(2,759,145)
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				(32,721)
Compensated Absences				(518,184)
Total net position of governmental activities			\$	14,131,643

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, 2015

	<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	894,536			894,536
Miscellaneous	365,767			365,767
State sources	1,671,934			1,671,934
Federal sources		188,884	394,099	582,983
Local sources		22,576		22,576
Total revenues	<u>13,443,645</u>	<u>211,460</u>	<u>394,099</u>	<u>14,049,204</u>
EXPENDITURES				
Current:				
Regular instruction	3,538,323	178,601		3,716,924
Special education instruction	727,694			727,694
Other special instruction	237,749			237,749
Other instruction	60,472			60,472
Support services and undistributed costs:				
Tuition	2,221,230			2,221,230
Student & instruction related services	1,324,008	32,859		1,356,867
School administrative services	159,133			159,133
Other administrative services	525,195			525,195
Administration Information Technology	17,660			17,660
Plant operations and maintenance	1,132,723			1,132,723
Pupil transportation	355,567			355,567
Unallocated Benefits	2,750,651			2,750,651
Capital outlay	173,652		427,064	600,716
Transfer to Charter Schools	34,929			34,929
Total expenditures	<u>13,258,986</u>	<u>211,460</u>	<u>427,064</u>	<u>13,897,510</u>
(Deficiency) of revenues over expenditures	<u>184,659</u>	<u>-</u>	<u>(32,965)</u>	<u>151,694</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds			32,965	32,965
Transfers out	(76,140)			(76,140)
Total other financing sources and uses	<u>(76,140)</u>	<u>-</u>	<u>32,965</u>	<u>(43,175)</u>
Net change in fund balances	108,519	-	-	108,519
Fund balance—July 1	1,757,796	-	-	1,757,796
Fund balance—June 30	<u>\$ 1,866,315</u>	<u>-</u>	<u>-</u>	<u>1,866,315</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, 2015**

Total net change in fund balances - governmental funds (from B-2) \$ 108,519

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	(804,968)
Capital outlays	<u>549,759</u>
	(255,209)
District pension contributions - PERS	122,623
Cost of benefits earned net of employee contributions	<u>(130,037)</u>
	(7,414)

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.

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 (+).

Change in net position of governmental activities

(25,750)

(151,714)

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, 2015

	Business-type Activities - Enterprise Funds			Totals
	Food Service	Community Service Programs	Non-Major Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	17,416	49,780	67,196	67,196
Accounts receivable	1,150	2,771	3,921	3,921
Inventories	1,059		1,059	1,059
Total current assets	<u>19,625</u>	<u>52,551</u>	<u>72,176</u>	<u>72,176</u>
Noncurrent assets:				
Furniture, machinery & equipment	26,613	92,303	118,916	118,916
Less accumulated depreciation	(25,440)	(10,822)	(36,262)	(36,262)
Total noncurrent assets	<u>1,173</u>	<u>81,481</u>	<u>82,654</u>	<u>82,654</u>
Total assets	<u><u>20,798</u></u>	<u><u>134,032</u></u>	<u><u>154,830</u></u>	<u><u>154,830</u></u>
LIABILITIES				
Current liabilities:				
Accounts payable	44	-	44	44
Interfund payable		53,686	53,686	53,686
Unearned revenue		9,376	9,376	9,376
Total current liabilities	<u>44</u>	<u>63,062</u>	<u>63,106</u>	<u>63,106</u>
Non-current liabilities:				
Compensated absences payable	-	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>44</u>	<u>63,062</u>	<u>63,106</u>	<u>63,106</u>
NET POSITION				
Investment in capital assets	1,173	81,481	82,654	82,654
Unrestricted	19,581	(10,511)	9,070	9,070
Total net position	<u><u>20,754</u></u>	<u><u>70,970</u></u>	<u><u>91,724</u></u>	<u><u>91,724</u></u>

The accompanying notes are an integral part of these financial statements

City of Margate School District
(A Component Unit of the City of Margate)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Fund			Total
	Food Service	Community Service Programs	Non-Major Funds	
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ 11,704		11,704	11,704
Daily sales - non-reimbursable programs	25,160		25,160	25,160
School Store		60	60	60
Community service activities		44,788	44,788	44,788
Latchkey		51,584	51,584	51,584
Total operating revenues	<u>36,864</u>	<u>96,432</u>	<u>133,296</u>	<u>133,296</u>
Operating expenses:				
Cost of sales	39,563		39,563	39,563
Salaries	61,002	63,916	124,918	124,918
Employee benefits		4,961	4,961	4,961
General supplies	20,010	17,026	37,036	37,036
Other objects	2,938	11,167	14,105	14,105
Total Operating Expenses	<u>123,513</u>	<u>97,070</u>	<u>220,583</u>	<u>220,583</u>
Operating (loss)	<u>(86,649)</u>	<u>(638)</u>	<u>(87,287)</u>	<u>(87,287)</u>
Nonoperating revenues (expenses):				
State sources:				
State school lunch program	426		426	426
Federal sources:				
National school lunch program	15,488		15,488	15,488
Food distribution program	1,281		1,281	1,281
Interest and investment revenue	37		37	37
Total nonoperating revenues	<u>17,232</u>	<u>-</u>	<u>17,232</u>	<u>17,232</u>
(Loss) before contributions & transfers	<u>(69,417)</u>	<u>(638)</u>	<u>(70,055)</u>	<u>(70,055)</u>
Transfers in	76,140		76,140	76,140
Change in net position	6,723	(638)	6,085	6,085
Total net position—beginning	14,031	71,608	85,639	85,639
Total net position—ending	<u>\$ 20,754</u>	<u>70,970</u>	<u>91,724</u>	<u>91,724</u>

City of Margate School District
(A Component Unit of the City of Margate)
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	<u>Food Service</u>	<u>Community Service Programs</u>	<u>Non-Major Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	36,864	95,686	132,550	132,550
Payments to employees	(76,140)	(68,877)	(145,017)	(145,017)
Payments to suppliers	(65,174)	(22,872)	(88,046)	(88,046)
Net cash (used for) operating activities	<u>(104,450)</u>	<u>3,937</u>	<u>(100,513)</u>	<u>(100,513)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	497		497	497
Federal Sources	17,661		17,661	17,661
Operating subsidies and transfers from other funds	76,140		76,140	76,140
Net cash provided by non-capital financing activities	<u>94,298</u>	<u>-</u>	<u>94,298</u>	<u>94,298</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES				
Purchase of capital assets	-	(84,183)	(84,183)	(84,183)
Net cash (used for) capital & related financing activities	<u>-</u>	<u>(84,183)</u>	<u>(84,183)</u>	<u>(84,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	37		37	37
Net cash provided by investing activities	<u>37</u>	<u>-</u>	<u>37</u>	<u>37</u>
Net increase in cash and cash equivalents	(10,115)	3,937	(90,361)	(6,178)
Balances—beginning of year	27,531	84,460	111,991	111,991
Balances—end of year	<u>17,416</u>	<u>88,397</u>	<u>21,630</u>	<u>105,813</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating (loss)	(86,649)	(638)	(87,287)	(87,287)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities				
Depreciation expense	2,346	10,575	12,921	12,921
Federal commodities	1,281		1,281	1,281
Decrease in accounts receivable		(141)	(141)	(141)
Decrease in inventories	(68)		(68)	(68)
Increase in deferred revenue		(605)	(605)	(605)
(Decrease) in deposits payable		-	-	-
Increase in accounts payable	(6,222)	(5,254)	(11,476)	(11,476)
Increase in compensated absences payable	(15,138)		(15,138)	(15,138)
Total adjustments	<u>(17,801)</u>	<u>4,575</u>	<u>(13,226)</u>	<u>(13,226)</u>
Net cash (used for) operating activities	<u>(104,450)</u>	<u>3,937</u>	<u>(100,513)</u>	<u>(100,513)</u>

City of Margate School District
(A Component Unit of the City of Margate)
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Expendable Trusts</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ <u>77,077</u>	<u>12,418</u>
Total assets	<u>77,077</u>	<u>12,418</u>
LIABILITIES		
Payable to student groups		4,481
Payroll deductions and withholdings	-	7,937
Total liabilities	<u>-</u>	<u>12,418</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	\$ <u><u>77,077</u></u>	

The accompanying notes are an integral part of these financial statements

City of Margate School District
(A Component Unit of the City of Margate)
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Expendable Trusts</u>
ADDITIONS	
Contributions:	
Deductions from Employee's Salaries	\$ 9,586
Total Contributions	<u>9,586</u>
Investment earnings:	
Interest	111
Net investment earnings	<u>111</u>
Total additions	<u>9,697</u>
DEDUCTIONS	
Unemployment claims	5,348
Scholarships awarded	100
Total deductions	<u>5,448</u>
Change in net position	4,249
Net position—beginning of the year	<u>72,828</u>
Net position—end of the year	<u>\$ 77,077</u>

The accompanying notes are an integral part of these financial statements

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY:

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

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

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

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

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

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

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

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2015**

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, 2015**

- 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, 2015**

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, 2015**

3. Inventories:

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

Supplies	\$	<u>1,058.60</u>
	\$	<u>1,058.60</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, 2015**

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, 2015**

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 2014/15 and 2013/14 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

13. Use of Estimates

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

14. Allocation of Costs

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

15. Pensions

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

F. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

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

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

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2015**

NOTE 2. INVESTMENTS

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

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

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

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

NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the new Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2015, \$0 of the District's bank balance of \$1,805,894 was exposed to custodial credit risk.

NOTE 4. FIXED ASSETS

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

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City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2015

	Balance at 6/30/14	Additions	Disposals/ Adjustments	Balance at 6/30/15
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 1,444,429			1,444,429
Construction in progress	11,708	427,064		438,772
Total capital assets not depreciated	<u>1,456,137</u>	<u>427,064</u>	<u>-</u>	<u>1,883,201</u>
Buildings and improvements	24,402,819			24,402,819
Machinery and equipment	<u>1,398,886</u>	<u>165,252</u>	<u>23,479</u>	<u>1,540,659</u>
Total at historical cost	<u>25,801,705</u>	<u>165,252</u>	<u>23,479</u>	<u>25,943,478</u>
Less: accumulated depreciation				
Buildings and improvements	(10,552,189)	(694,287)		(11,246,476)
Machinery and equipment	<u>(917,623)</u>	<u>(110,681)</u>	<u>(23,479)</u>	<u>(1,004,825)</u>
Total accumulated depreciation	<u>(11,469,812)</u>	<u>(804,968)</u>	<u>(23,479)</u>	<u>(12,251,301)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>14,331,893</u>	<u>(639,716)</u>	<u>-</u>	<u>13,692,177</u>
Governmental activities capital assets, net	<u><u>15,788,030</u></u>	<u><u>(212,652)</u></u>	<u><u>-</u></u>	<u><u>15,575,378</u></u>
Business-type activities				
Equipment	69,146	84,183	34,413	118,916
Less: accumulated depreciation equipment	<u>(56,581)</u>	<u>(10,575)</u>	<u>(30,894)</u>	<u>(36,262)</u>
Business-type activities capital assets, net of depreciation	<u><u>\$ 12,565</u></u>	<u><u>73,608</u></u>	<u><u>3,519</u></u>	<u><u>82,654</u></u>

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Depreciation expense charged to governmental functions is as follows:

Regular instruction	\$	275,076
Special education		54,706
Other special instruction		12,731
Other instruction		3,360
Student & instruction related services		259,293
School administrative expenses		22,406
General and business administration		37,208
Central services		14,467
Administration info technology		1,322
Plant operations and maintenance		94,799
Pupil Transportation		29,600
	<u>\$</u>	<u>804,968</u>

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Obligations under Capital Leases	\$ 33,442	27,420	28,140	32,722	16,286
Compensated Absences Payable	477,296	75,170	34,130	518,336	42,810
Total Governmental Activities:	<u>510,738</u>	<u>102,590</u>	<u>62,270</u>	<u>551,058</u>	<u>59,096</u>
Business-Type Activities:					
Compensated Absences Payable	15,138	-	15,138	-	-
Total Business-Type Activities	<u>\$ 15,138</u>	<u>-</u>	<u>15,138</u>	<u>-</u>	<u>-</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.

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

Commencing June 1, 2011 the District is leasing four (4) Lanier Digital Imaging Copy Machines totaling \$44,195. The lease is for a term of four years and payments in the amount of \$1,022 are made monthly. Payments include interest at a rate of 5.21% per annum. The balance remaining at June 30, 2015 was \$11,208.

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. The balance remaining at June 30, 2015 was \$0.

Commencing April 16, 2015, the District is leasing an 8 Passenger Full Size Van totaling \$27,420. The lease is for a term of five years and payments in the amount of \$5,904.74 are made annually. The balance remaining at June 30, 2015 was \$21,514.

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

Year Ended June 30,	Principal	Interest	Total
2016	\$ 16,286	1,231	17,517
2017	5,273	633	5,906
2018	5,476	430	5,906
2019	5,686	219	5,905
Total	<u>\$ 32,721</u>	<u>2,513</u>	<u>35,234</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.

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Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

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, 2015, 2014, and 2013 were \$661,417 \$338,292, and \$561,564, 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, 2015, 2014, and 2013 were \$122,623, \$113,013, and \$114,856, respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2015, 2014, and 2013 was \$6,443,216, \$6,056,701, and \$6,160,416; covered payroll was \$4,789,257, \$4,628,354, and \$4,773,582, for TPAF; and \$1,059,996, \$1,031,818, and \$1,014,063 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.

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- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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. PUBLIC EMPLOYEES' RETIREMENT FUND (PERS)

At June 30, 2015, the District reported a liability of \$2,784,908 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District's proportion was 0.0148744718%, which was a decrease of .76% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$130,037. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience		
Changes of assumptions	\$ 87,572	
Net difference between projected and actual earnings on pension plan investments		165,965
Changes in proportion and differences between District contributions and proportionate share of contributions District contributions subsequent to the measurement date	<u>122,623</u>	18,467
Total	<u>\$ 210,195</u>	<u>184,432</u>

\$122,623 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>		
2016	\$	(33,752)
2017		(33,752)
2018		(33,752)
2019		(33,752)
2020		26,492
Thereafter		<u>11,657</u>
Total	\$	<u>(96,860)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA.

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The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage point higher (6.39%) than the current rate:

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	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 3,503,509	2,784,908	2,181,466

Pension plan fiduciary net position.

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

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>24,979,849</u>
Total	<u>\$ 24,979,849</u>

The net pension liability was measured as of June 30, 2014 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,344,150 and revenue of \$1,344,150 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ -	10,198
Changes of assumptions	1,070,727	
Net difference between projected and actual earnings on pension plan investments		808,276
Changes in proportion and differences between District contributions and proportionate share of contributions		1,182,183
District contributions subsequent to the measurement date	<u>\$ 255,620</u>	
Total	<u>\$ 1,326,347</u>	<u>2,000,657</u>

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\$255,620 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	223,642
2017		223,642
2018		223,642
2019		223,642
2020		(521,285)
Thereafter		(1,303,213)
Total	\$	<u>(929,930)</u>

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following assumptions, applied to all period included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
Cash	6.00%	0.50%
Core fixed Income	0.00%	2.19%
Core bonds	1.00%	1.38%
Short-term bonds	0.00%	1.00%
Intermediate-term bonds	11.20%	2.60%
Long-term bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High yield bonds	5.50%	4.15%
Non-US fixed income	0.00%	1.41%
Inflation-indexed bonds	2.50%	1.30%
Broad US equities	25.90%	5.88%
Large cap US equities	0.00%	5.62%
Mid cap US equities	0.00%	6.39%
Small cap US equities	0.00%	7.39%
Developed foreign equities	12.70%	6.05%
Emerging market equities	6.50%	8.90%
Private equity	8.25%	9.15%
Hedge funds/absolute return	12.25%	3.85%
Real estate (property)	3.20%	4.43%
Real estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long credit bonds	0.00%	3.74%

Discount rate. The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.68% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.68%) or 1-percentage point higher (5.68%) than the current rate:

	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

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

NOTE 9. 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 10. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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NOTE 11. COMPENSATED ABSENCES

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

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

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

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

NOTE 12. DEFERRED COMPENSATION

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

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

NOTE 13. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 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:

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<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 107	9,586	5,348	74,637
2013-2014	113	9,128	23,045	70,292
2012-2013	155	8,948	13,370	84,096

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 292,102	
Special Revenue Fund		27,069
Capital Projects Fund		211,347
Food Service Fund		53,686
Total	<u>\$ 292,102</u>	<u>292,102</u>

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

NOTE 15. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation through the City of Margate to fund the District's operations. Property taxes and state aid funded 81% of the District 2014-2015 governmental operations.

NOTE 16. CAPITAL RESERVE FUND

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The District has not funded their capital reserve fund. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve fund by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

NOTE 17. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,866,315 General Fund fund balance at June 30, 2015, \$33,878 is reserved for encumbrances; \$1,246,052 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$646,388 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2015); \$294,977 has been appropriated and also included as anticipated revenue for the year ending June 30, 2015; and \$291,408 is unreserved and undesignated.

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2015**

NOTE 18. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$1,246,052, of which \$646,388 has been included in the 2015-16 budget. The excess fund balance at June 30, 2014 was \$1,333,520.

NOTE 19. LITIGATION

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

NOTE 20. SOLAR PHOTOVOLTAIC PANEL PROJECT

During the 2015 fiscal year, the District authorized the sale of solar renewal energy credits (SREC) that were earned through the use of the solar photovoltaic panels. As a result of the sale, the District earned \$55,377 of which \$25,460 was received prior to June 30, 2015. The remaining balance of \$28,917 has been realized as revenue, and a receivable established, as of June 30, 2015. Credits are earned during the fiscal year that operates from June 1 to May 31. During the month of June 2015, credits may have been earned that would be available for sale during the 2015 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, 2015.

NOTE 21. 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, 2015 the District had not expended all of the funds received resulting in a balance in Unearned Revenue of \$71,072. It is anticipated that these monies will be expended during the current fiscal year and recognized as revenue.

**City of Margate Board of Education
(A Component Unit of the City of Margate)
Notes to Financial Statements
June 30, 2015**

NOTE 22. SCHOOL CONSTRUCTION PROJECTS

The District was awarded \$2,219,586 in grant funding through the New Jersey Department of Education to fund various capital maintenance projects for renovations, alterations, and upgrades at the two district buildings. As of June 30, 2015, the District expended \$427,747 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 matured on July 20, 2015 and was renewed for another year.

NOTE 23. RESTATEMENT OF PRIOR YEAR BALANCES

Net position has been restated as required by the implementation of GASB 68, as discussed in notes 7 and 8 above.

Beginning net position as previously reported at June 30, 2014	\$ 17,035,088
Prior period adjustment - Implementation GASB 68	
Net pension liability (measurement date)	(2,864,669)
Deferred outflows - District's contributions made during fiscal year 2014	<u>112,938</u>
Total prior period adjustment	<u>(2,751,731)</u>
Net position as restated, July 1, 2014	<u><u>\$ 14,283,357</u></u>

NOTE 24. SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 2, 2015, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

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Required Supplemental Information
Part II

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BUDGETARY COMPARISON SCHEDULES

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**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, 2015**

	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	24,050		24,050	24,100	50
Tuition - From other LEAs within State	870,436		870,436	870,436	-
Interest			-		-
Miscellaneous	40,700		40,700	365,767	325,067
Total - Local Sources	11,446,594	-	11,446,594	11,771,711	325,117
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	50,450		50,450	113,381	62,931
Nonpublic School Transportation Costs				13,322	13,322
Other State Aid	10,060		10,060	10,060	-
On-Behalf TPAF Pension Contributions (non-budgeted)				661,417	661,417
Reimbursed TPAF Social Security Contributions (non-budgeted)				343,769	343,769
Total - State Sources	596,830	-	596,830	1,678,269	1,081,439
Total Revenues	12,043,424	-	12,043,424	13,449,980	1,406,556

**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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	256,039	1,700	257,739	257,724	15
Grades 1-5	1,662,516	(55,872)	1,606,644	1,606,643	1
Grades 6-8	1,268,665	28,934	1,297,599	1,286,231	11,368
Regular Programs - Home Instruction:	2,000	1,600	3,600	3,597	3
Regular Programs - Undistributed Instruction:					
Other Purchased Services	13,244	-	13,244	11,317	1,927
General Supplies	368,382	48,232	416,614	347,320	69,294
Textbooks	125,601	(47,800)	77,801	25,491	52,310
Total Regular Programs	3,696,447	(23,206)	3,673,241	3,538,323	134,918
Resource Room/Resource Center:					
Salaries of Teachers	608,564	18,566	627,130	626,815	315
Other Salaries for Instruction	66,723	(12,600)	54,123	54,035	88
General Supplies	3,255	-	3,255	1,163	2,092
Total Resource Room/Resource Center	678,542	5,966	684,508	682,013	2,495
Preschool Disabilities - Part Time:					
Salaries of Teachers	26,780	18,970	45,750	45,681	69
General Supplies	256	-	256	-	256
Total Preschool Disabilities - Full Time	27,036	18,970	46,006	45,681	325
Total Special Education - Instruction	705,578	24,936	730,514	727,694	2,820
Home Instruction:					
Salaries of Teachers	-	24,225	24,225	23,562	663
Total Home Instruction:	-	24,225	24,225	23,562	663

**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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Basic Skills/Remedial- Instruction					
Salaries of Teachers	94,066	75,940	170,006	170,006	-
Total Basic Skills/Remedial - Instruction	94,066	75,940	170,006	170,006	-
Bilingual Education - Instruction:					
Salaries of Teachers	44,569	-	44,569	44,181	388
General Supplies	300	-	300	-	300
Total Bilingual Education - Instruction	44,869	-	44,869	44,181	688
School Sponsored Cocurricular Activities - Instruction:					
Salaries	26,500	-	26,500	25,424	1,076
Supplies and Materials	2,504	118	2,622	2,146	476
Other Objects	16,730	-	16,730	9,600	7,130
Total School Sponsored Cocurricular Activities - Instruction	45,734	118	45,852	37,170	8,682
School Sponsored Athletics - Instruction					
Salaries	15,000	55	15,055	15,055	-
Purchased Services	4,500	38	4,538	4,459	79
Supplies and Materials	3,400	(55)	3,345	3,104	241
Other Objects	750	(38)	712	684	28
Total School Sponsored Athletics - Instruction	23,650	-	23,650	23,302	348

**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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Total Instruction	4,610,344	102,013	4,712,357	4,564,238	148,119
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	1,982,263	13,626	1,995,889	1,995,889	-
Tuition to County Voc. School District - Regular	81,127	-	81,127	81,127	-
Tuition to CSSD & Regional Day Schools	235,128	(87,601)	147,527	133,710	13,817
Tuition to Private Schools for the Disabled- Within State	119,208	(80,043)	39,165	10,504	28,661
Tuition - State Facilities	-	-	-	-	-
Total Undistributed Expenditures - Instruction	2,417,726	(154,018)	2,263,708	2,221,230	42,478
Undistributed Expenditures - Attendance and Social Work:					
Salaries	44,569	(380)	44,189	44,181	8
Total Undistributed Expenditures - Attendance and Social Work	44,569	(380)	44,189	44,181	8
Undistributed Expenditures - Health Services:					
Salaries	181,817	4,274	186,091	186,091	-
Purchased Professional Services		190	190	190	-
Supplies and Materials	3,812	4,100	7,912	7,911	1
Total Undistributed Expenditures - Health Services	185,629	8,564	194,193	194,192	1

**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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	75,296	3,508	78,804	78,804	-
Purchased Professional Education Services	-	3,600	3,600	3,600	-
Supplies and Materials	2,500	(2,500)	-	-	-
Total Undistributed Expenditures - Other Support Services - Students - Regular	77,796	4,608	82,404	82,404	-
Undistributed Expenditures - Other Support Services - Extra. Serv. Salaries	209,947	(52,300)	157,647	157,637	10
Purchased Professional - Educational Services	150,794	(13,177)	137,617	134,079	3,538
Total Undistributed Services - Other Support Services - Extra. Serv.	360,741	(65,477)	295,264	291,716	3,548
Undistributed Expenditures - Child Study Teams	257,690	11,387	269,077	269,077	-
Salaries of Other Professional Staff	28,129	900	29,029	28,782	247
Other Purchased Services	600	641	1,241	1,051	190
Supplies and Materials	36,400	(1,270)	35,130	28,789	6,341
Total Undistributed Expenditures - Child Study Teams	322,819	11,658	334,477	327,699	6,778
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Other Professional Staff	92,227	(15,742)	76,485	65,111	11,374
Salaries of Secretaries and Clerical Staff	-	18,623	18,623	18,622	1
Purchased Professional Educational Services	-	5,410	5,410	2,800	2,610
Other Purchased Professional and Technical Services	1,000	(1,000)	-	-	-
Other Purchased Services	-	111	111	-	111
Other Objects	-	1,709	1,709	1,640	69
Total Undistributed Expenditures - Improv. of Instr. Services	93,227	9,111	102,338	88,173	14,165

**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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	72,100	12,650	84,750	84,671	79
Salaries of Technology Coordinators	62,369	-	62,369	62,369	-
Purchased Professional and Technical Services	2,000	(2,000)	-	-	-
Supplies and Materials	159,284	(7,373)	151,911	148,464	3,447
Other Objects	175	-	175	139	36
Total Undistributed Expenditures - Educational Media Services - School Library	295,928	3,277	299,205	295,643	3,562
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	186,195	(3,117)	183,078	183,078	-
Legal Services	45,000	28,664	73,664	73,664	-
Audit Fees	17,600	(400)	17,200	17,200	-
Other Purchased Professional Services	-	3,193	3,193	3,193	-
Purchased Technical Services	2,765	-	2,765	2,730	35
Communications/Telephone	42,175	(9,377)	32,798	32,764	34
Other Purchased Services	3,070	983	4,053	4,053	-
General Supplies	8,000	(1,244)	6,756	6,753	3
Miscellaneous Expenditures	9,346	(777)	8,569	8,569	-
Total Undistributed Expenditures - Support Services - Gen. Admin.	314,151	17,925	332,076	332,004	72
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	120,699	(12,220)	108,479	108,478	1
Salaries of Secretarial and Clerical Assistants	51,281	(5,588)	45,693	41,348	4,345
Other Purchased Services	500	166	666	199	467
Supplies and Materials	8,805	(666)	8,139	7,399	740
Other Objects	1,800	-	1,800	1,709	91
Total Undistributed Expenditures - Support Serv. - School Admin.	183,085	(18,308)	164,777	159,133	5,644

**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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Central Services					
Salaries	180,109	572	180,681	180,681	-
Purchased Technical Services	480	795	1,275	1,275	-
Misc. Purchased Services	3,000	(1,788)	1,212	1,212	-
Supplies and Materials	8,900	(232)	8,668	8,668	-
Miscellaneous Expenditures	1,865	(510)	1,355	1,355	-
Total Undistributed Expenditures - Central Services	194,354	(1,163)	193,191	193,191	-
Undistributed Expenditures - Administration Information Technology					
Other Purchased Services	17,659	1	17,660	17,660	-
Total Undistributed Expenditures - Administration Info Technology	17,659	1	17,660	17,660	-
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	192,719	-	192,719	192,718	1
Cleaning Repairs and Maintenance Services	99,677	14,360	114,037	71,890	42,147
General Supplies	150,280	(71,498)	78,782	77,452	1,330
Total Undistributed Expenditures - Required Maintenance for School Facilities	442,676	(57,138)	385,538	342,060	43,478
Undistributed Expenditures - Custodial Services					
Salaries	291,294	4,675	295,969	295,030	939
Cleaning, Repair and Maintenance Services	33,789	677	34,466	33,713	753
Insurance	106,733	(1,600)	105,133	104,067	1,066
Miscellaneous Purchased Services	-	2,135	2,135	2,135	-
General Supplies	42,537	(2,418)	40,119	28,774	11,345
Energy (Natural Gas)	88,000	-	88,000	78,083	9,917
Energy (Electricity)	294,000	-	294,000	234,643	59,357
Other Objects	275	-	275	275	-
Total Undistributed Expenditures - Custodial Services	856,628	3,469	860,097	776,720	83,377

**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, 2015**

	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	328	315	643	479	164
Total Undistributed Expenditures - Care and Upkeep of Grounds	328	315	643	479	164
Undistributed Expenditures - Security	1,000	-	1,000	1,000	-
Salaries	3,500	360	3,860	3,317	543
Cleaning, Repair, and Maintenance Services	14,760	-	14,760	9,147	5,613
Total Undistributed Expenditures - Security	19,260	360	19,620	13,464	6,156
Total Undistributed Expen - Oper & Main of Plant Serv	1,318,892	(52,994)	1,265,898	1,132,723	133,175
Undistributed Expenditures - Student Transportation Services:	49,823	-	49,823	34,164	15,659
Salaries for Pupil Transp. (Between Home and School)-Spec Ed	3,000	1,000	4,000	3,604	396
Salaries for Pupil Transp. (Not Between Home and School)	5,500	4,200	9,700	9,496	204
Cleaning, Repair and Maintenance Service	11,612	5,905	17,517	17,517	-
Lease Purchase Payments - School Buses	23,877	(4,400)	19,477	14,547	4,930
Contracted Services - Aid in Lieu of Payments Non Public School) - Vendors	17,000	-	17,000	15,226	1,774
Contracted Services - (Between Home and School) - Joint Agmnts	216,850	(10,060)	206,790	190,182	16,608
Contracted Services (Special Ed Students) - Joint Agreements	60,100	6,355	66,455	66,454	1
Supplies and Materials	500	-	500	413	87
Transportation Supplies	7,000	(3,000)	4,000	3,964	36
Total Undistributed Expenditures - Student Transportation Serv.	395,262	-	395,262	355,567	39,695
Unallocated Benefits:					
Social Security Contributions	120,000	-	120,000	117,138	2,862
Other Retirement Contributions - PERS	137,887	(15,260)	122,627	122,616	11
Other Retirement Contributions - Regular	2,880	726	3,606	3,605	1
Unemployment Compensation	25,000	(24,821)	179	-	179
Workmen's Compensation	91,770	(1,726)	90,044	87,192	2,852
Health Benefits	1,415,640	9,875	1,425,515	1,349,934	75,581

**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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Tuition Reimbursements	4,000	9,556	13,556	13,556	-
Other Employee Benefits	20,900	30,525	51,425	51,424	1
Total Unallocated Benefits	1,818,077	8,875	1,826,952	1,745,465	81,487
On-behalf TPAF Pension Contributions (non-budgeted)				661,417	(661,417)
Reimbursed TPAF Social Security Contributions (non-budgeted)				343,769	(343,769)
Total On-behalf Contributions	-	-	-	1,005,186	(1,005,186)
Total Undistributed Expenditures	8,039,915	(228,321)	7,811,594	8,486,167	(674,573)
Total Current Expense	12,650,259	(126,308)	12,523,951	13,050,405	(526,454)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Grades 6-8	16,833	(2,573)	14,260	11,887	2,373
Support Services - Students - Regular	2,787	(400)	2,387	2,387	-
Support Services - Instructional Staff	50,338	6,320	56,658	2,972	53,686
Required Maintenance for School Facilities	2,332	26,000	28,332	26,000	2,332
Security	-	24,798	24,798	-	24,798
Total Equipment	72,290	54,145	126,435	43,246	83,189
Facilities Acquisition and Construction Services					
Construction Services	63,000	4,170	67,170	67,166	4
Assessment for Debt Service on SDA Funding	63,240	-	63,240	63,240	-
Total Facilities Acquisition and Construction Services	126,240	4,170	130,410	130,406	4
Total Capital Outlay	198,530	58,315	256,845	173,652	83,193
Transfers to Charter Schools	25,506	50,901	76,407	34,929	41,478
Total Expenditures	12,874,295	(17,092)	12,857,203	13,258,986	(401,783)

**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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(830,871)	17,092	(813,779)	190,994	1,004,773
Other Financing Sources (Uses):					
Operating Transfers Out:					
Transfer to Food Service Fund - Board Contribution	(59,048)	(17,092)	(76,140)	(76,140)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(889,919)	-	(889,919)	114,854	1,004,773
Fund Balances, July 1	1,786,306	-	1,786,306	1,786,306	-
Fund Balances, June 30	896,387	-	896,387	1,901,160	1,004,773

Recapitulation of Fund Balance:

Restricted Fund Balance:

Reserve for Excess Surplus	599,664
Excess Surplus-Designated for Subsequent Year's Expenditures	646,388

Assigned Fund Balance:

Designated for Subsequent Year's Expenditures	294,977
Reserve for Encumbrances	33,878

Unassigned Fund Balance

	326,253
	1,901,160

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

	(34,845)
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Fund Balance per Governmental Funds (GAAP)

	1,866,315
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**City of Margate School District
(A Component Unit of the City of Margate)
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources		38,492	38,492	26,873	(11,619)
Total - Local Sources		38,492	38,492	26,873	(11,619)
Federal Sources:					
Title I	21,993	38,907	60,900	53,684	(7,216)
I.D.E.A., Part B	114,281	33	114,314	114,314	-
Other	13,796	7,539	21,335	20,886	(449)
Total - Federal Sources	150,070	46,479	196,549	188,884	(7,665)
Total Revenues	150,070	84,971	235,041	215,757	(19,284)
EXPENDITURES:					
Instruction					
Salaries of Teachers	21,993	40,080	62,073	55,762	6,311
Other Salaries for Instruction	5,903	(2,669)	3,234	3,234	-
Purchased Professional and Technical Services		-		-	-
Other Purchased Services (400-500 series)	108,378	(1,909)	106,469	106,469	-
General Supplies	21,989	21,989	21,989	13,136	8,853
Total instruction	136,274	57,491	193,765	178,601	15,164
Support Services					
Personal Services - Employee Benefits		4,209	4,209	3,734	475
Purchased Professional and Technical Services	13,796	17,384	31,180	30,731	449
Supplies and Materials	13,796	5,887	5,887	2,691	3,196
Total support services		27,480	41,276	37,156	4,120
Total expenditures	150,070	84,971	235,041	215,757	19,284
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, 2015

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	\$ 13,449,980	215,757
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior Year			-
Current Year			(4,297)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
		28,510	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
		<u>(34,845)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	<u>13,443,645</u>	<u>211,460</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	13,258,986	215,757
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			-
Current Year			(4,297)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	<u>\$ 13,258,986</u>	<u>211,460</u>

Required Supplemental Information
Part III

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

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

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

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

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

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 122,623	\$ 112,938
Contributions in relation to the contractually required contribution	<u>122,623</u>	<u>112,938</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,031,944	\$ 1,014,063
Contributions as a percentage of covered-employee payroll	11.88%	11.14%

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

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

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

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>24,979,849</u>	<u>24,764,165</u>
Total	<u>\$ 24,979,849</u>	<u>\$ 24,764,165</u>
District's covered payroll	\$ 4,628,422	\$ 4,773,582
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

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

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

CITY OF MARGATE SCHOOL DISTRICT
Schedule of District Contributions
Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 255,620	\$ 198,537
Contributions in relation to the contractually required contribution	<u>255,620</u>	<u>198,537</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,628,422	\$ 4,773,582
Contributions as a percentage of covered-employee payroll	5.52%	4.16%

Source: GASB 68 report on Teachers' Pension and Annuity Fund; District records

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

SPECIAL REVENUE FUND

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CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	No Child Left Behind				Total Federal Projects
	Title I Part A	Teacher & Principals Training Title II - Part A	I.D.E.A. Part - B Basic	I.D.E.A. Part - B Preschool	
REVENUES:					
Federal Sources	\$ 53,684	20,886	106,469	7,845	188,884
State Sources	-	-	-	-	-
Local Sources	-	-	-	-	-
Total revenues	53,684	20,886	106,469	7,845	188,884
EXPENDITURES					
Instruction:					
Salaries of teachers	48,819	-	-	-	48,819
Other salaries for instruction	-	-	-	-	-
Purchased prof. and technical services	-	-	106,469	-	106,469
Other purchased services	1,131	-	-	-	1,131
General supplies	-	-	-	-	-
Total instruction	49,950	-	106,469	-	156,419
Support services:					
Salaries of teachers	-	-	-	-	-
Salaries of other professional staff	3,734	20,886	-	7,845	3,734
Personal services- employee benefits	-	-	-	-	-
Purchased professional & technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Total support services	3,734	20,886	-	7,845	32,465
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-
Transfer to Charter Schools	-	-	-	-	-
Total expenditures	53,684	20,886	106,469	7,845	188,884
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, 2015

	School Climate	Big Feet Run	NJSAIG	NJ Agriculture Society Learning Through Gardening	Municipal Alliance	Total Local Projects	Total
REVENUES:							
Federal Sources							188,884
State Sources	1,150	394	4,297	303	20,729		-
Local Sources						26,873	26,873
Total revenues	<u>1,150</u>	<u>394</u>	<u>4,297</u>	<u>303</u>	<u>20,729</u>	<u>26,873</u>	<u>215,757</u>
EXPENDITURES							
Instruction:							
Salaries of teachers					6,943	6,943	55,762
Other salaries for instruction					3,234	3,234	3,234
Purchased prof. and technical services							-
Other purchased services							106,469
General supplies	1,150			303	10,552	12,005	13,136
Total instruction	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>303</u>	<u>20,729</u>	<u>22,182</u>	<u>178,601</u>
Support services:							
Personal services- employee benefits							3,734
Purchased professional & technical services		394	2,000			2,000	30,731
Supplies and materials			2,297			2,691	2,691
Total support services	<u>-</u>	<u>394</u>	<u>4,297</u>	<u>-</u>	<u>-</u>	<u>4,691</u>	<u>37,156</u>
Facilities acquisition and const. serv.:							
Instructional equipment							-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to Charter Schools							
Total expenditures	<u>1,150</u>	<u>394</u>	<u>4,297</u>	<u>303</u>	<u>20,729</u>	<u>26,873</u>	<u>215,757</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CAPITAL PROJECTS FUND

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**City of Margate School District
Capital Projects Fund
Summary Statement of Project Expenditures
For the Fiscal Year Ended June 30, 2015**

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2015
			Prior Years	Current Year	
Exterior ADA Accessibility Upgrades at Tighe Middle School	2014	\$ 319,467	683	29,384	289,400
William H. Ross School Renovations and Alterations	2014	475,872		65,500	410,372
Tighe Middle School HVAC, Boiler, ADA Improvements	2014	1,462,495		332,180	1,130,315
		\$ 2,257,834	683	427,064	1,830,087

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, 2015**

Revenues and Other Financing Sources	
State Sources	
SCC Grant	\$ -
Bond proceeds and transfers	-
	<hr/>
Total revenue	-
	<hr/>
Expenditures and Other Financing Uses	
Purchased professional and technical services	198,953
Land and improvements	-
Construction Services	228,111
Equipment purchases	-
	<hr/>
Total expenditures	427,064
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(427,064)
Fund balance - beginning	2,257,151
	<hr/>
Fund balance - ending	\$ <u><u>1,830,087</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, 2015**

	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	23,803	24,486	56,645
Land and improvements			-	
Construction services		5,581	5,581	262,822
Equipment purchases			-	
Total expenditures	683	29,384	30,067	319,467
Excess (deficiency) of revenues over (under) expenditures	\$ 318,784	(29,384)	289,400	-

Additional project information:

Project number	3020-000-14-1002-G04
Grant date	1/6/14
Bond authorization date	N/A
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	319,467
Additional authorized cost	-
Revised authorized cost	319,467
Percentage increase over original cost	-
Percentage completion	9%
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, 2015**

	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		40,838	40,838	63,306
Land and improvements			-	
Construction services		24,662	24,662	412,566
Equipment purchases			-	
Total expenditures	-	65,500	65,500	475,872
Excess (deficiency) of revenues over (under) expenditures	\$ 475,872	(65,500)	410,372	-

Additional project information:

Project number	3020-025-14-1003-G04
Grant date	2/21/14
Bond authorization date	N/A
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	475,872
Additional authorized cost	-
Revised authorized cost	475,872
Percentage increase over original cost	-
Percentage completion	14%
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, 2015**

	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		134,312	134,312	226,037
Land and improvements			-	
Construction services		197,868	197,868	1,236,458
Equipment purchases			-	
Total expenditures	-	332,180	332,180	1,462,495
Excess (deficiency) of revenues over (under) expenditures	\$ 1,462,495	(332,180)	1,130,315	-

Additional project information:

Project number	3020-010-14-1001-G04
Grant date	2/21/14
Bond authorization date	N/A
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	1,462,495
Additional authorized cost	-
Revised authorized cost	1,462,495
Percentage increase over original cost	
Percentage completion	23%
Original target completion date	12/14
Revised target completion date	12/14

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PROPRIETARY FUNDS

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CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Enterprise Funds
Combining Schedule of Net Position
June 30, 2015

G-1

	Food Service	Community Service Programs	2015
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 17,416	49,780	67,196
Interfund Accounts Receivable			-
Accounts Receivable:			
State	40		40
Federal	1,110		1,110
Other	-	2,771	2,771
Inventories	1,059		1,059
Total Current Assets	19,625	52,551	72,176
Fixed Assets:			
Equipment	26,613	92,303	118,916
Accumulated depreciation	(25,440)	(10,822)	(36,262)
Total Fixed Assets	1,173	81,481	82,654
Total assets	20,798	134,032	154,830
LIABILITIES AND NET POSITION:			
Current liabilities:			
Accounts payable	44	-	44
Interfund payable		53,686	53,686
Deferred revenue		9,376	9,376
Deposits payable			-
Total current liabilities	44	63,062	63,106
Non-current liabilities:			
Compensated absences	-		-
Total non-current liabilities	-	-	-
Total liabilities	44	63,062	63,106
Net Position			
Invested in capital assets, net of related debt	1,173	81,481	82,654
Unrestricted net position	19,581	(10,511)	9,070
Total net position	20,754	70,970	91,724
Total liabilities and net position	\$ 20,798	134,032	154,830

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, 2015

G-2

	Community Service Programs				2015
	Food Service	School Plays	Performing Arts	Latchkey	
OPERATING REVENUES:					
Local Sources:					
Daily Sales - Reimbursable Programs	\$ 11,704				11,704
Daily Sales - Non-Reimbursable Programs	25,160				25,160
Latchkey				51,584	51,584
School Store				60	60
Community Recreation		6,427	38,361		44,788
Total Operating Revenues	36,864	6,427	38,361	51,644	133,296
OPERATING EXPENSES:					
Salaries	61,002		26,319	37,597	124,918
Employee benefits			2,178	2,783	4,961
Supplies and materials	20,010	3,211	12,885	930	37,036
Cost of sales	39,563				39,563
Vehicle expense	592				592
Other Objects			592		592
Depreciation	2,346		10,575		12,921
Total operating expenses	123,513	3,211	52,549	41,310	220,583
Operating income (loss)	(86,649)	3,216	(14,188)	10,334	(87,287)
Nonoperating revenues:					
State sources					
State school lunch program	426				426
Federal sources					
Nutrition reimbursements	15,488				15,488
USDA commodities	1,281				1,281
Interest Revenues	37				37
Total nonoperating revenues	17,232	-	-	-	17,232
Net income (loss) before operating transfers	(69,417)	3,216	(14,188)	10,334	(70,055)
Operating transfers:					
transfer in from general fund	76,140				76,140
Net Income (Loss)	6,723	3,216	(14,188)	10,334	6,085
Unrestricted net position, July 1	14,031	18,516	69,541	(16,449)	85,639
Unrestricted net position/(deficit) June 30	\$ 20,754	21,732	55,353	(6,115)	91,724

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, 2015

	<u>Food Service</u>	<u>Community Service Programs</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 36,864	95,686	132,550
Payments to employees	(76,140)	(68,877)	(145,017)
Payments to suppliers	(65,174)	(22,872)	(88,046)
Net cash provided by/(used for) operating activities	<u>(104,450)</u>	<u>3,937</u>	<u>(100,513)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	497		497
Federal Sources	17,661		17,661
Operating subsidies and transfers from other funds	76,140		76,140
Net cash provided by non-capital financing activities	<u>94,298</u>	<u>-</u>	<u>94,298</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets		(84,183)	(84,183)
Net cash (used) by capital & related financing activities	<u>-</u>	<u>(84,183)</u>	<u>(84,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interfund loans received		53,686	53,686
Interest and dividends	37		37
Net cash provided by investing activities	<u>37</u>	<u>53,686</u>	<u>53,723</u>
Net increase in cash and cash equivalents	<u>(10,115)</u>	<u>(26,560)</u>	<u>(36,675)</u>
Balances—beginning of year	27,531	76,340	103,871
Balances—end of year	<u>17,416</u>	<u>49,780</u>	<u>67,196</u>
Reconciliation of operating income (loss) to net cash provided			
(used) by operating activities:			
Operating income/(loss)	<u>(86,649)</u>	<u>(638)</u>	<u>(87,287)</u>
Adjustments to reconcile operating (loss) to net cash provided by/(used for) operating activities:			
Depreciation expense	2,346	10,575	12,921
Federal commodities	1,281		1,281
Decrease in accounts receivable		(141)	(141)
Decrease in inventories	(68)		(68)
Increase in deferred revenue		(605)	(605)
(Decrease) in deposits payable		-	-
Increase in accounts payable	(6,222)	(5,254)	(11,476)
Increase in compensated absences payable	(15,138)		(15,138)
Total adjustments	<u>(17,801)</u>	<u>4,575</u>	<u>(13,226)</u>
Net cash provided by/(used for) operating activities	<u>\$ (104,450)</u>	<u>3,937</u>	<u>(100,513)</u>

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FIDUCIARY FUNDS

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CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2015

H-1

	Student Activity	Payroll Agency	Expendable Trusts		2015	2014
			Unemployment Compensation	Scholarship		
ASSETS:						
Cash and cash equivalents	\$ 4,481	7,937	74,637	2,440	89,495	79,052
Total Assets	<u>4,481</u>	<u>7,937</u>	<u>74,637</u>	<u>2,440</u>	<u>89,495</u>	<u>79,052</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Payroll deductions and withholdings Due to student groups	4,481	7,937			7,937	2,700
					4,481	3,524
Total Liabilities	<u>4,481</u>	<u>7,937</u>	<u>-</u>	<u>-</u>	<u>12,418</u>	<u>6,224</u>
Fund Balances:						
Unreserved			74,637	2,440	77,077	72,828
Total liabilities and fund balance	<u>\$ 4,481</u>	<u>7,937</u>	<u>74,637</u>	<u>2,440</u>	<u>89,495</u>	<u>79,052</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, 2015**

	Unemployment Trust	Scholarship Trust	Total 2015	Total 2014
OPERATING REVENUES:				
Local Sources:				
Deductions from Employees' Salaries	\$ 9,586		9,586	9,128
Interest on Investments	108	3	111	122
Total Operating Revenues	9,694	3	9,697	9,250
OPERATING EXPENDITURES:				
Unemployment Compensation Insurance Claims	5,348		5,348	23,045
Scholarships awarded		100	100	300
Total Operating Expenditures	5,348	100	5,448	23,345
Excess of Revenues over Expenditures	4,346	(97)	4,249	(14,095)
Fund Balance, July 1	70,291	2,537	72,828	86,923
Fund Balance, June 30	\$ 74,637	2,440	77,077	72,828

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, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and cash equivalents	\$ 3,524	8,413	7,456	4,481
Total assets	<u>3,524</u>	<u>8,413</u>	<u>7,456</u>	<u>4,481</u>
LIABILITIES:				
Due to Student groups	3,524	8,413	7,456	4,481
Total liabilities	<u>\$ 3,524</u>	<u>8,413</u>	<u>7,456</u>	<u>4,481</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, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
ASSETS:				
Cash and cash equivalents	\$ 2,700	3,271,884	3,266,647	7,937
Total assets	<u>2,700</u>	<u>3,271,884</u>	<u>3,266,647</u>	<u>7,937</u>
LIABILITIES:				
Payroll deductions and withholdings	2,700	3,271,884	3,266,647	7,937
Total liabilities	<u>\$ 2,700</u>	<u>3,271,884</u>	<u>3,266,647</u>	<u>7,937</u>

LONG-TERM DEBT

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**CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Long-Term Debt
Statement of Obligations Under Capital Leases
June 30, 2015**

Series	Date of Inception	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 6/30/2014	Issued Current Year	Retired Current Year	Amount Outstanding 6/30/2015
Thomas Bus Type B - 24 Passenger Wheelchair Gasoline	12/8/10	3.60%	53,700 \$	22,026		10,818	11,208
Lanier LD Digital Imaging System Copy Machines (4)	4/13/11	5.21%	44,196	11,416		11,416	-
2015 Ford Transit Wagon 8 Passenger Full Size Van	4/16/15	3.85%	27,419		27,419	5,906	21,513
				<u>\$ 33,442</u>	<u>27,419</u>	<u>28,140</u>	<u>32,721</u>

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Statistical Section

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets	\$ 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	15,575,378
Restricted	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	1,574,907
Unrestricted	(489,673)	(645,894)	(842,923)	(1,176,543)	(223,275)	(337,321)	(303,746)	(325,149)	(3,040,979)	(3,018,642)
Total governmental activities net position	<u>25,115,753</u>	<u>24,229,048</u>	<u>23,668,039</u>	<u>23,247,621</u>	<u>22,192,648</u>	<u>21,981,117</u>	<u>21,457,243</u>	<u>17,654,476</u>	<u>14,283,357</u>	<u>14,131,643</u>
Business-type activities										
Invested in capital assets	1,631	1,056	480	-	-	-	-	-	11,392	82,654
Unrestricted	(8,309)	(71,336)	(65,799)	28,728	20,601	19,373	28,147	72,700	74,247	9,070
Total business-type activities net position	<u>(6,678)</u>	<u>(70,280)</u>	<u>(65,319)</u>	<u>28,728</u>	<u>20,601</u>	<u>19,373</u>	<u>28,147</u>	<u>72,700</u>	<u>85,639</u>	<u>91,724</u>
District-wide										
Invested in capital assets	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	15,668,032
Restricted	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	1,574,907
Unrestricted	(497,982)	(717,230)	(908,722)	(1,147,815)	(202,674)	(317,948)	(275,599)	(252,449)	(2,966,732)	(3,009,572)
Total district net position	<u>\$ 25,109,075</u>	<u>24,158,768</u>	<u>23,602,720</u>	<u>23,276,349</u>	<u>22,213,249</u>	<u>22,000,490</u>	<u>21,485,390</u>	<u>17,727,176</u>	<u>14,368,996</u>	<u>14,223,367</u>

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

Source: CAFR Schedule A-1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	5,287,128
Special education	416,426	447,222	458,167	488,094	507,067	751,511	863,584	928,788	861,803	1,045,564
Other special education	284,320	287,930	280,168	285,220	248,047	260,085	283,833	165,974	170,246	331,248
Other instruction	385,964	476,225	447,281	84,001	91,501	67,329	85,122	83,884	90,441	90,716
Nonpublic school programs	51,245	69,505	55,575							
Support Services:										
Tuition	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	3,266,629
Student & instruction related services	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	1,952,985
General administrative services	589,327	702,743	306,158	784,398	290,416	210,823	206,861	232,750	232,389	230,834
School administrative services	271,242	319,616	681,137	308,039	788,359	816,721	762,134	728,893	775,791	753,756
Administrative information technology		13,704	17,806	18,188	17,935	20,099	20,662	21,974	22,213	25,344
Plant operations and maintenance	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	1,683,557
Pupil transportation	342,127	365,333	364,106	425,262	369,727	483,293	553,188	567,161	503,149	527,558
Capital outlay	21,951								63,240	50,957
Total governmental activities expenses	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	15,246,274
Business-type activities:										
Food Service	141,646	149,185	155,445	167,474	103,335	118,379	116,099	106,443	131,629	123,513
Community Service Programs	239,481	281,618	247,365	602,470	296,101	51,156	52,470	69,436	76,603	97,070
Total business-type activities expense	381,127	430,803	402,810	769,944	399,436	169,535	168,569	175,879	208,232	220,583
Total district expenses	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	15,466,857
Program Revenues										
Governmental activities:										
Charges for service	756,441	791,419	822,310	921,101	902,276	859,799	713,642	790,963	817,996	894,536
Operating grants and contributions	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	2,699,276
Total governmental activities program revenues	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	3,593,812
Business-type activities:										
Charges for services										
Food Service	36,027	32,898	28,353	29,283	35,363	43,803	35,382	42,088	44,596	36,864
Community Service Programs	221,620	239,864	249,374	700,986	252,130	42,441	61,445	105,694	101,562	96,432
Operating grants and contributions	20,488	17,111	19,314	20,964	19,882	23,834	24,796	18,741	17,845	17,195
Total business-type activities program revenues	278,135	289,873	297,041	751,233	307,375	110,078	121,623	166,523	164,003	150,491
Total district program revenues	\$ 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	3,744,303

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental activities	\$ (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)	(11,652,462)
Business-type activities	(102,992)	(140,930)	(105,769)	(18,711)	(92,061)	(59,457)	(46,946)	(9,356)	(44,229)	(70,092)
Total district-wide net expense	<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>	<u>(11,722,554)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	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	10,511,408
Unrestricted grants and contributions	909,246	882,774	914,371	907,965	697,421	409,840	616,682	585,090	642,013	666,748
Transportation Fees								20,575		
Investment earnings	70,284	107,930	73,291	40,293	33,818	18,419	13,833	4,021	3,512	-
Miscellaneous income	99,363	134,942	85,640	3,956	181,665	147,269	101,473	113,445	85,923	365,767
Funds received from the City of Margate	1,415,016								683	#REF!
Schools Construction Corporation	2,026,333									
State of New Jersey, Board of Public Utilities										
Debt service assessment										
Special items	(83,180)	(95,435)	(111,042)	3,832	12,730	(75,050)	(43,645)	(59,899)	175,726	#REF!
Transfers				(112,613)	(83,717)	(57,985)	(55,589)	(53,870)	(57,131)	(76,140)
Total governmental activities	<u>14,502,550</u>	<u>11,203,329</u>	<u>11,135,378</u>	<u>11,016,551</u>	<u>10,829,035</u>	<u>10,978,902</u>	<u>11,169,215</u>	<u>8,265,167</u>	<u>11,362,134</u>	<u>#REF!</u>
Business-type activities:										
Investment earnings	226	618	198	145	217	244	131	39	37	37
Transfers	83,180	95,435	111,042	112,613	83,717	57,985	55,589	53,870	57,131	76,140
Total business-type activities	83,406	96,053	111,240	112,758	83,934	58,229	55,720	53,909	57,168	76,177
Total district-wide	<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>	<u>#REF!</u>
Change in Net Position										
Governmental activities	3,350,260	(905,430)	(561,009)	(1,372,066)	(1,054,973)	(211,531)	(523,874)	(3,802,767)	(619,388)	#REF!
Business-type activities	(19,586)	(44,877)	5,471	94,047	(8,127)	(1,228)	8,774	44,553	12,939	6,085
Total district	<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>	<u>#REF!</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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted						1,635,446	1,792,708	1,391,486	1,333,520	1,246,052
Assigned						404,163	229,667	262,585	202,786	328,855
Unassigned						250,000	231,249	221,382	221,490	291,408
Reserved	1,537,772	2,001,317	2,476,616	2,283,403	1,457,396					
Unreserved	200,960	222,614	225,220	207,721	182,933					
Total general fund	<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>	<u>1,866,315</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	(1,109)	(1,109)	(1,109)	-	-	-	-	-	-	-
Total all other governmental funds	<u>(1,109)</u>	<u>(1,109)</u>	<u>(1,109)</u>	<u>-</u>						

Source: CAFR Schedule B-1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax levy	\$ 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	10,511,408
Tuition charges	756,441	791,419	822,310	921,101	902,276	859,799	713,642	790,963	817,996	894,536
Transportation Fees								20,575		
Interest earnings	70,284	107,930	73,291	40,293	33,818	18,419	13,833	4,021	3,512	3,157
Miscellaneous	99,363	134,942	85,640	3,956	181,665	147,269	101,473	113,445	85,923	362,610
Local sources	19,290	55,745	98,823	70,685	27,669	27,809	30,707	22,750	22,272	22,576
State sources	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	1,671,934
Federal sources	255,363	281,985	275,066	238,203	310,646	314,876	255,742	193,021	257,168	582,983
Total revenue	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	14,049,204
Expenditures										
Instruction										
Regular instruction	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	3,716,924
Special education instruction	314,132	331,302	351,422	377,386	417,950	574,766	652,140	689,544	654,142	727,694
Other special instruction	228,481	212,028	216,183	221,675	203,766	199,068	214,348	122,947	129,238	237,749
Other instruction	306,876	345,391	340,432	61,018	70,678	51,274	63,980	59,721	68,823	60,472
Nonpublic school programs	51,245	69,505	55,575							
Support Services:										
Tuition	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	2,221,230
Student & instruction related services	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	1,356,867
General administrative services	455,801	507,300	519,687	611,383	238,702	160,552	151,645	172,345	177,121	159,133
School Administrative services	216,516	233,993	232,374	240,961	648,050	613,366	544,363	498,877	578,278	525,195
Administrative Information Technology		10,174	13,680	14,228	14,798	15,390	15,698	16,326	16,980	17,660
Plant operations and maintenance	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	1,132,723
Pupil transportation	267,644	263,575	269,098	332,016	296,476	363,301	414,075	415,571	361,710	355,567
Unallocated employee benefits	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	2,750,651
Charter Schools	129,715	117,897	82,068	100,678	63,937	193,266	341,825	375,423	156,753	600,716
Capital outlay	3,486,730	119,944	27,841	80,741	63,017	140,136	128,719	62,314	37,915	34,929
Total expenditures	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	13,897,510
Excess (Deficiency) of revenues over (under) expenditures	\$ (2,881,965)	580,634	588,947	(100,822)	(779,808)	684,419	63,197	(264,402)	(61,209)	151,694

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing sources (uses)										
City of Margate Bond Proceeds	\$ 1,415,016								683	32,965
Schools Construction Corporation	2,026,333									
State of NJ, Board of Public Utilities				101	12,730		52			
Cancellation of prior year purchase orders										
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)	(76,140)
Transfers out	(83,180)	(93,435)	(111,042)	(112,613)	(83,717)	(57,985)	(99,182)	(113,769)	(56,448)	(43,175)
Total other financing sources (uses)	3,358,169	(93,435)	(111,042)	(112,512)	(70,987)	(85,139)	(99,182)	(113,769)	(56,448)	(43,175)
Net change in fund balances	\$ 476,204	487,199	477,905	(213,334)	(850,795)	649,280	(35,985)	(378,171)	(117,657)	108,519
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	Insurance Refund	Prior Year Refunds			
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	
2015	3,157		550	55,377		241,923		64,760	365,767	

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

Source: District Records

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

Fiscal Year Ended June 30,	Assessed Value and Actual Value of Taxable Property										Less: Exempt Property	Total Assessed Value	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b					
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	3,408,787,400	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			89,661,100		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	3,350,166,600			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	3,875,779,143			
2015	60,171,500	3,405,132,100			88,072,800		6,595,200	3,559,971,600	635,737	3,560,607,337	0.295	3,931,766,052			

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

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

Fiscal Year Ended June 30,	City of Margate Board of Education				City of Margate	Local Municipal Library c	Atlantic County	Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct					
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	
2015	0.295	0.043	0.338	0.600	0.037	0.513	1.488	

Source: District Records and Municipal Tax Collector

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

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

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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Taxpayer #1	5,933,700	1	0.17%	4,550,700	1	0.14%
Taxpayer #2	4,542,400	2	0.13%	4,542,400	2	0.14%
Taxpayer #3	4,348,600	3	0.12%	4,348,600	3	0.13%
Holy Name Province				3,334,700	10	0.10%
Taxpayer #4	4,325,000	4	0.12%	3,889,800	5	0.12%
JJM Trust						
Margate Partners, LLC	4,081,200	5	0.11%	4,075,700	4	0.12%
Taxpayer #5	4,051,700	6	0.11%	3,740,900	6	0.11%
Taxpayer #6	3,988,700	7	0.11%	3,548,000	8	0.11%
Star Bright Star Light, LLC	3,740,900	8	0.11%			
Taxpayer #7	3,548,000	9	0.10%	3,511,400	9	0.11%
Taxpayer #8	3,511,400	10	0.10%			
Samanda Properties, LLC				3,735,000	7	0.11%
Total	42,071,600		1.18%	39,277,200		1.19%

Total Assessed Value 3,309,070,139

3,560,607,337

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	
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%	-
2015	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	Activities			
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%	1,675
2014	9,535,000	-	33,442	-	-	-	9,568,442	0.02%	1,511
2015	11,792,834	-	32,721	-	-	-	11,825,555	0.02%	1,867

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	
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%	1,666	
2014	9,535,000	-	9,535,000	0.27%	1,506	
2014	11,792,834	-	11,792,834	0.33%	1,862	

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, 2015
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	\$ 38,449,635	100.00%	38,449,635
Atlantic County	146,874,191	9.11%	13,374,283
Other debt			
None			
Subtotal, overlapping debt			51,823,918
City of Margate School District debt	11,792,834	100.00%	11,792,834
Total direct and overlapping debt			\$ 63,616,752

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 2015

Equalized valuation basis	
2014	3,858,122,880
2013	3,846,187,493
2012	3,848,256,625
	<u>11,552,566,998</u>
	3,850,855,666
	115,525,670
	<u>11,792,834</u>
	<u>103,732,836</u>

Average equalized valuation of taxable property

Debt limit (3% of average)
 Net bonded school debt
 Legal debt margin

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	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	115,525,670
Total net debt applicable to limit	<u>16,465,000</u>	<u>15,740,000</u>	<u>14,965,000</u>	<u>14,165,000</u>	<u>13,035,000</u>	<u>12,135,000</u>	<u>11,605,000</u>	<u>10,580,000</u>	<u>9,535,000</u>	<u>11,792,834</u>
Legal debt margin	<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>	<u>103,732,836</u>
Total net debt applicable to the limit as a percentage of debt limit	21.00%	16.54%	13.69%	11.94%	10.70%	9.93%	9.67%	8.98%	8.21%	10.21%

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
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	6,341	252,347	42,288	11.80%
2013	6,349	269,356	42,425	12.30%
2014	6,333	268,678	42,425	10.00%
2015	6,333	268,678	42,425	6.90%

Source:

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

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

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

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

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

Employer	2015			2006		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%			0.00%
		2	0.00%			0.00%
		3	0.00%			0.00%
		4	0.00%			0.00%
		5	0.00%			0.00%
		6	0.00%			0.00%
		7	0.00%			0.00%
		8	0.00%			0.00%
		9	0.00%			0.00%
		10	0.00%			0.00%
	-		0.00%			-

Source: City of Margate Chief Financial Officer

The City does not maintain the above statistical data

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

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

<u>Function/Program</u>	<u>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>	<u>2015</u>
Instruction										
Regular	31.00	31.00	33.00	35.00	44.50	40.00	36.00	36.00	36.60	37.05
Special education	10.00	10.00	9.00	9.00	8.50	10.00	12.00	12.00	11.00	11.74
Other special education	18.00	14.00	11.00	11.00	5.50	4.50	4.50	4.50	2.00	3.48
Other instruction	3.00	4.00	5.00	5.00	3.50	-	-	-	-	-
Support Services:										
Student & instruction related services	21.00	21.00	21.00	21.00	23.50	19.00	19.50	19.50	20.10	19.52
General administrative services	8.00	8.00	10.00	9.00	6.50	5.00	5.00	5.00	5.00	5.00
School administrative services	7.00	7.00	6.00	5.00	3.50	2.50	2.50	2.50	2.50	2.00
Plant operations and maintenance	2.00	1.00	1.00	1.00	1.50	12.50	13.50	13.00	13.00	13.00
Food Service	10.00	11.00	11.00	11.00	4.00	4.00	3.00	3.00	3.00	3.00
Total	110.00	107.00	107.00	107.00	101.00	97.50	96.00	95.50	93.20	94.79

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 School	Intermediate School	Middle School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
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%	56	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%
2015	430	13,973,650	32,497	11.69%	60	10.0:1	-	10.0:1	425	406	-6.82%	95.53%

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
Union Avenue Elementary School (B)										
Square Feet	48,369	48,369	48,369	48,369	48,369	48,369	48,369	-	-	-
Capacity (students) (A)	227	227	227	227	227	-	-	-	-	-
Enrollment	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	273	273	273	273	273
Enrollment	184	184	175	189	175	268	249	242	239	232
Eugene A. Tighe School										
Square Feet	87,718	87,718	87,718	87,718	87,718	87,718	87,818	87,818	87,818	87,818
Capacity (students) (A)	237	237	237	237	237	257	257	257	257	257
Enrollment	195	184	169	189	198	249	242	233	217	198

Number of Schools at June 30, 2015
 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 #	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
School Facilities											
Union Avenue Elementary	00251.00	36,583	39,847	60,633	41,001	38,939	37,280	26,129	974	-	-
Eugene A. Tighe Middle	00251.00	61,208	72,085	72,191	74,357	71,616	78,155	112,882	130,264	137,531	136,824
William H. Ross III Intermediate	00251.00	60,011	65,314	60,634	67,380	66,799	130,004	190,663	194,465	231,489	205,236
Grand Total		<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>	<u>342,060</u>

CITY OF MARGATE SCHOOL DISTRICT
(A Component Unit of the City of Margate)
Insurance Schedule
June 30, 2015
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, 2015
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.

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Margate School District, as of and for the year ended June 30, 2015, 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 December 2, 2015.

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

December 2, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Margate School District's compliance with the types of compliance requirements described in the 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, 2015. 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, 2015.

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, 2015, and have issued our report thereon dated December 2, 2015, 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

December 2, 2015

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, 2015

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, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustments	Balance at June 30, 2015				
											(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		7/1/14 - 6/30/15	1,281 \$			1,281	(1,281)							
National School Lunch Program	10.555		7/1/13 - 6/30/14	16,248	(3,283)		3,283								
National School Lunch Program	10.555		7/1/14 - 6/30/15	15,488			14,378	(15,488)							
Total U.S. Department of Agriculture					(3,283)		18,942	(16,769)							
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
No Child Left Behind															
Title I, Part A	84.010	NCLB302014	9/1/13 - 6/30/14	44,120	(1,015)		1,015								
Title I, Part A	84.010	NCLB302015	7/1/14 - 6/30/15	60,900			60,417	(53,694)				6,733			
Title II, Part A, Teachers & Principals Training	84.367A	NCLB302014	9/1/13 - 6/30/14	21,241	(273)		273								
Title II, Part A, Teachers & Principals Training	84.367A	NCLB302015	7/1/14 - 6/30/15	21,335			20,886	(20,886)							
Subtotal No Child Left Behind					(1,288)		82,591	(74,570)							
ID.E.A. Part B - Basic	84.027	IDEA302014	9/1/13 - 6/30/14	171,321	(52,911)		52,911								
ID.E.A. Part B - Basic	84.027	IDEA302015	7/1/14 - 6/30/15	106,600			106,600	(106,480)							
ID.E.A. Part B - Preschool	84.027	IDEA302015	7/1/14 - 6/30/15	7,846	(62,911)		7,846	(7,846)							
REBEL II		NA	7/1/08 - 6/30/09	780	10		148,149	(114,314)							
Total Special Revenue Fund					(54,189)		232,010	(188,884)				10			
Total Federal Financial Awards					(57,472)		250,952	(205,653)				6,743			

CITY OF MARGATE SCHOOL DISTRICT
 (A Component Unit of the City of Margate)
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balances	Balance at June 30, 2015		MEMO	
				Deferred Revenue/ (Accounts Receivable)	(Accounts Receivable)						Unearned Revenue	Due to Grantor		Budgetary Receivables
State Department of Education														
General Fund:														
Categorical Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	312,910	-	-	-	-	312,910	(312,910)	-	-	-	19,956	312,910
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	43,753	-	-	-	-	43,753	(43,753)	-	-	-	2,790	43,753
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	45,463	-	-	-	-	45,463	(45,463)	-	-	-	2,899	45,463
Categorical Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	134,194	-	-	-	-	134,194	(134,194)	-	-	-	8,558	134,194
Percc Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	5,030	-	-	-	-	5,030	(5,030)	-	-	-	321	5,030
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	5,030	-	-	-	-	5,030	(5,030)	-	-	-	321	5,030
Extraordinary Aid	N/A	7/1/14-6/30/15	113,381	-	-	-	-	113,381	(113,381)	-	-	-	-	113,381
Reimbursed Non Public Transportation Aid	N/A	7/1/14-6/30/15	82,838	(82,838)	-	-	-	82,838	(82,838)	-	-	-	-	82,838
Reimbursed Non Public Transportation Aid	N/A	7/1/14-6/30/15	42,322	(42,322)	-	-	-	42,322	(42,322)	-	-	-	-	42,322
Reimbursed TPAF Social Security Contributions	N/A	7/1/14-6/30/15	22,360	(22,360)	-	-	-	22,360	(22,360)	-	-	-	-	22,360
Reimbursed TPAF Social Security Contributions	15-495-034-5095-006	7/1/14-6/30/15	343,769	-	-	-	-	327,637	(343,769)	-	-	-	-	343,769
Total General Fund			979,215	(105,198)	-	-	979,215	(1,016,852)	(1,016,852)	-	-	(142,835)	34,845	1,078,930
Capital Projects Fund:														
ROD Grant - ADA Upgrades	5350-040-14-1001	open	314,112	-	-	-	-	11,163	(24,029)	-	-	-	-	24,029
ROD Grant - Renovations	5350-040-14-1002	open	467,641	-	-	-	-	26,650	(57,469)	-	-	-	-	57,469
ROD Grant - HVAC and Boiler	5350-040-14-1003	open	1,437,633	-	-	-	-	144,959	(312,601)	-	-	-	-	312,601
Total Capital Fund			1,818,386	-	-	-	182,772	(394,069)	(394,069)	-	-	(211,327)	-	394,069
Enterprise Fund:														
National School Lunch Program (State Share)	100-010-3350-023	7/1/13-6/30/14	509	(111)	-	-	-	111	(497)	-	-	(40)	-	509
National School Lunch Program (State Share)	100-010-3350-023	7/1/14-6/30/15	497	-	-	-	-	457	(497)	-	-	-	-	497
Total Enterprise Fund			1,006	(111)	-	-	568	(497)	(497)	-	-	(40)	-	1,006
Total State Financial Assistance			\$ 1,006	(105,309)	-	-	1,162,555	(1,411,448)	(1,411,448)	-	-	(354,202)	34,845	1,473,935

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)
Notes to the Schedules of Financial Assistance
June 30, 2015**

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 \$(6,335) for the general fund. See the following schedule and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**City of Margate School District
(A Component Unit of the City of Margate)
Notes to the Schedules of Financial Assistance
June 30, 2015**

	<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	\$ 1,016,852	497	1,017,349
Difference – budget to “GAAP”			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	28,510		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(34,845)		
On behalf payments recognized for GAAP purposes but not included in the Schedule of Expenditures of State Financial Assistance	<u>661,417</u>		
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 1,671,934</u>	<u>497</u>	<u>1,017,349</u>

**City of Margate School District
(A Component Unit of the City of Margate)
Notes to the Schedules of Financial Assistance
June 30, 2015**

	<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	188,884.00	16,769.00	205,653.00
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>188,884.00</u>	<u>16,769.00</u>	<u>205,653.00</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2015. 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, 2015.

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

Part I -- Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

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

Identification of major programs:

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

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

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

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

Part I -- Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiency(ies) identified _____ yes X no

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

Unmodified

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

_____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-089	Categorical Special Education Aid
495-034-5120-084	Categorical Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
5350-040-14-100X	ROD Grant

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, 2015**

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, 2014**

STATUS OF PRIOR YEAR FINDINGS

None