

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, 2010



# **Comprehensive Annual Financial Report**

of the

Margate City Board of Education

Margate, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

Margate City Board of Education

Finance Department



# TABLE OF CONTENTS

<b>INTRODUCTORY SECTION</b>		Page
	Letter of Transmittal	1-6
	Organizational Chart	7
	Roster of Officials	8
	Consultants and Advisors	9
<b>FINANCIAL SECTION</b>		
	<b>Independent Auditor's Report</b>	10-11
	<b>Required Supplementary Information - Part I</b>	
	Management's Discussion and Analysis	12-20
	<b>Basic Financial Statements</b>	
A	District-wide Financial Statements:	
	A-1 Statement of Net Assets	21
	A-2 Statement of Activities	22
B	Fund Financial Statement	
	Governmental Funds:	
	B-1 Balance Sheet	23
	B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	24
	B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
	Proprietary Funds:	
	B-4 Statement of Net Assets	26
	B-5 Statement of Revenues, Expenses, and Changes in Net Assets	27
	B-6 Statement of Cash Flows	28
	Fiduciary Funds:	
	B-7 Statement of Fiduciary Net Assets	29
	B-8 Statement of Changes in Fiduciary Net Assets	30
	<b>Notes to the Financial Statements</b>	31-48
	<b>Required Supplemental Information - Part II</b>	
C	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	49-57
	C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual	N/A
	C-1b American Recovery and Reinvestment Act - Budget and Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	58-59

## TABLE OF CONTENTS (continued)

Notes to the Required Supplementary Information	Page
C-3 Budget-to-GAAP Reconciliation	60
 <b>Other Supplementary Information</b>	
D School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	61-62
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance	N/A
F-2a-d Schedules of Project Revenue and Expenditures	N/A
G Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Assets	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	63
H-2 Combining Statement of Changes in Fiduciary Net Assets	64
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	65
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	66

## TABLE OF CONTENTS (continued)

		Page
I	Long-Term Debt:	
	I-1 Schedule of Serial Bonds	N/A
	I-2 Schedule of Obligations under Capital Leases	N/A
	I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
<b>STATISTICAL SECTION (Unaudited)</b>		
	Introduction to the Statistical Section	
	<b>Financial Trends</b>	
	J-1 Net Assets by Component	67
	J-2 Changes in Net Assets	68-69
	J-3 Fund Balances - Governmental Funds	70
	J-4 Changes in Fund Balances - Governmental Funds	71-72
	J-5 General Fund Other Local Revenue by Source	73
	<b>Revenue Capacity</b>	
	J-6 Assess Value and Estimated Actual Value of Taxable Property	74
	J-7 Direct and Overlapping Property Tax Rates	75
	J-8 Principal Property Taxpayers	76
	J-9 Property Tax Levies and Collections	77
	<b>Debt Capacity</b>	
	J-10 Ratios of Outstanding Debt by Type	78
	J-11 Ratios of General Bonded Debt Outstanding	79
	J-12 Direct and Overlapping Governmental Activities Debt	80
	J-13 Legal Debt Margin Information	81
	<b>Demographic and Economic Information</b>	
	J-14 Demographic and Economic Statistics	82
	J-15 Principal Employers	83
	<b>Operating Information</b>	
	J-16 Full-time Equivalent District Employees by Function/Program	84
	J-17 Operating Statistics	85
	J-18 School Building Information	86
	J-19 Schedule of Required Maintenance Expenditures by School Facility	87
	J-20 Insurance Schedule	88-89
	K-1 Report on Internal Controls over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Audit Standards	90-91

## TABLE OF CONTENTS (continued)

<b>SINGLE AUDIT SECTION</b>		Page
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	92-93
K-3	Schedule of Expenditures of Federal Awards,	94
K-4	Schedule of Expenditures of State Financial Assistance,	95
K-5	Notes to the Schedules of Awards and Financial Assistance	96-99
K-6	Schedule of Findings and Question Costs	
	Part I - Summary of Auditor's Results	100-101
	Part 2 - Schedule of Financial Statement Findings	102
	Part 3 - Schedule of State Award Findings and Questioned Costs	102
K-7	Summary Schedule of Prior Audit Findings	102

## **Introductory Section**

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October 26, 2010

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, 2010, 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the 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 1996 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 K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2009-2010 fiscal year with an enrollment of 567 students, which is 42 students lower than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last five years.

<b>Fiscal</b>	<b>Average Daily</b>	<b>Percent</b>
<b><u>Year</u></b>	<b><u>Enrollment</u></b>	<b><u>Change</u></b>
2009-2010	575	(2.21)%
2008-2009	588	8.75%
2007-2008	541	(5.31)%
2006-2007	571	(2.23)%
2005-2006	584	2.10%

**2) ECONOMIC CONDITION AND OUTLOOK:** Margate City and Longport are New Jersey seashore communities whose children, in grades K through eight, constitute the student population of the Margate City School District. Margate City 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 8,000 middle to upper middle-class residents. More specifically, Margate City 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 8,000 swells to approximately 40,000 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. Residents are also affiliated with approximately 15 civic and service organizations.

The Public School System of Margate City is composed of K-8 grade children, who reside in the City of Margate and the Borough of Longport. As of October 15, 2009, there were a total of 576 pupils. Upon completion of eighth grade, the students attend nearby Atlantic City High School, which currently enrolls approximately 130 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.

The overall responsibility for the education of the K-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 2010-11 school year, the District will operate on a budget of \$12,558,869 for current expenses.

The basic responsibility for the operation of the schools lies with the Superintendent of Schools. She was assisted by three directors/building principals, a school business administrator, and a staff of 88 full time personnel during the 2009-2010 school year.

During the 2009-10 school year Margate City District pupils were housed in three separate facilities: the Union Avenue Elementary School built in 1953, the Eugene A. Tighe Middle School constructed in 1956, and the William H. Ross III Intermediate School constructed in 2000. Due to a loss in State Aid of \$932,183, and the need to decrease operating costs, the Union Avenue School was closed as of June 30, 2010. For the 2010-2011 school year, the William H. Ross III site will house the district administrative offices and grades K-4. The Eugene A. Tighe School will house 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, social worker, learning disabilities consultant, and speech therapists.

Longport, the only sending district for the Margate City School, is the smallest municipality in Atlantic County, about four-tenths of a square mile. Longport is bounded on the northeast by Margate City, 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 Margate City Board of Education provides its student population with an extensive range of educational services that include but are not limited to the following:

1. Full day kindergarten program for all children.
2. World language instruction for all children.
3. Computer assisted instruction for all children.
4. Title 1 services for mathematics and reading in grades K-4.
5. Social services that include the DARE program, the Banana Splits program, and REBEL II.
6. Computer assisted research services in the Media Centers.
7. Programs in Language Arts Literacy, Math, and Science for advanced students in grades 3-8
8. A full range of Child Study Team services.
9. Visual and performing arts program for all students

The Margate Board of Education, administration, faculty, and support staff is 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 2010-2011 school year. These initiatives include:

1. Develop a comprehensive 5-year strategic plan
2. Extend instruction in language arts and math
3. Professional development training in Balanced Literacy, STEM, Inclusion and On-Course
4. Partnership training programs with Stevens Institute for Technology
5. Curriculum development efforts

The district has maximized instructional time for students with the implementation of extended learning blocks in literacy and mathematics. Push-in support (inclusion) and co-teaching provide differentiated learning opportunities for all students and ensure academic rigor in all classrooms. The literacy program is supported through a literacy coach trained in balanced literacy at Lesley University. 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. Training and support for STEM is provided by a partnership with Steven's University. The year long projects culminate with a STEM exhibit of students' work. This year the District added a Geospatial Technologies project that integrates technology and our social studies classes through a collaboration with Atlantic-Cape Community College (ACCC).

The district has infused technology into our instructional program with the addition of classroom Smart boards, the implementation of On-Course electronic lesson planning linked to the NJCCC Standards and an improved student information system with electronic grade reporting, web pages and attendance procedures. Technology coaches support electronic documentation, class web pages and technology integration. The media centers are networked with the Margate Public Library, which in turn can network with local colleges and other libraries to allow the students of our district a wide range of options for gathering research data.

For the 2010-2011 school year the district will focus on revising all content area curriculum to meet the revised NJCCC standards.

On the NJ ASK State Assessment tests from grades 3 to 8, Margate had a lower percentage of students scoring in the partially proficient range as compared to the District Factor Group and State average in almost every grade level in both language arts literacy, mathematics, and science. With the extended time in Literacy and Mathematics, we hope to continue raising the bar for our students.

**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, 2010.

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

**7) DEBT ADMINISTRATION:** At June 30, 2010, the District had no outstanding debt issues. Debt in the amount of \$13,035,000 has been authorized by the City of Margate for the school construction project. 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 Swartz & Co., 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 1996 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:**

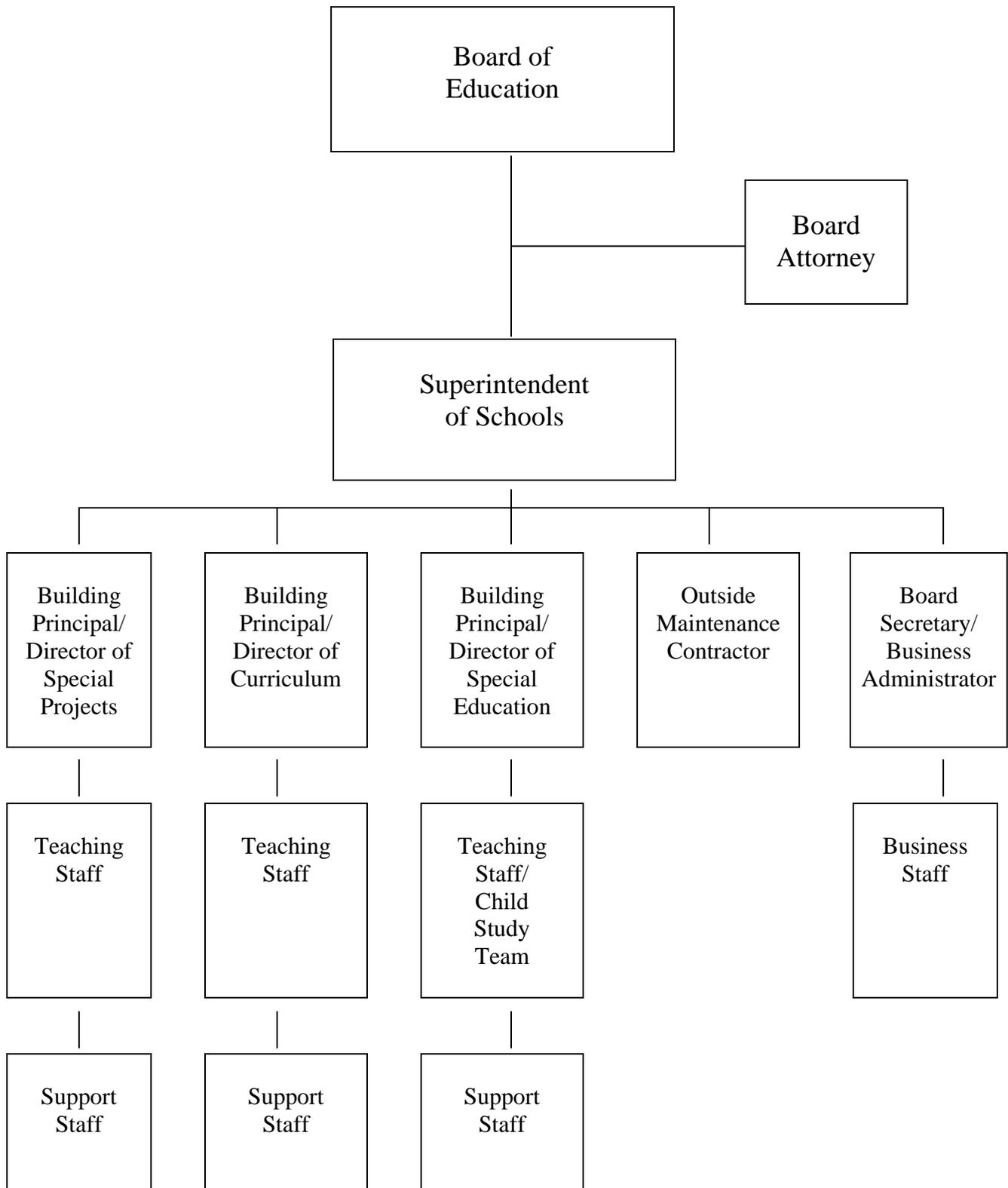
We would like to express our appreciation to the members of the Margate City Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation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

Respectfully submitted,

Dr. Theresa DeFranco  
Superintendent

Susan E. Palaia, CPA  
Board Secretary/Business Administrator

# City of Margate Board of Education Organization Chart



**CITY OF MARGATE BOARD OF EDUCATION**

**MARGATE, NEW JERSEY**

**ROSTER OF OFFICIALS**

June 30, 2010

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Christopher Storcella, President	2012
Linda Levitt Doyle, Vice-President	2013
Renee Bell	2011
Brad Jacobson	2012
Christopher Koch, Sr.	2011
Joanne Kulzer	2013
Jacob B. Sless, Esq.	2012
Carl Tripician, Esq., representing Borough of Longport Board of Education	

**Other Officials**

Dr. Theresa DeFranco, Superintendent

Susan E. Palaia, CPA, Board Secretary/School Business Administrator

Thomas D. Hiltner, Treasurer

Augustine Repetto, Esq., Solicitor

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

**Audit Firm**

Swartz & Co., LLC, CPAs  
1409 Cantillon Blvd.  
PO Box 548  
Mays Landing, NJ 08330

**Attorney**

Augustine Repetto, Esq.  
327 Central Avenue  
Linwood, NJ 08221

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

**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

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## **Financial Section**

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Independent Auditor's Report

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

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 Board of Education of the City of Margate School District in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Margate Board of Education's management. 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 Division of 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Margate Board of Education, in the County of Atlantic, State of New Jersey, as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2010 on our consideration of the City of Margate Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information, as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Margate Board of Education's basic financial statements. The introductory section, and other supplementary information such as the combining and individual fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are also not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robert E. Swartz, CPA*

Robert E. Swartz, CPA  
Licensed Public School Accountant  
No. CS00667

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

October 26, 2010

**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, 2010. 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 assets of the District decreased \$1,054,973 as a result of depreciation taken on the various fixed assets of the district.
- The State of New Jersey reimbursed the District \$373,259 during the fiscal year ended June 30, 2010 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 \$307,471 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 indicated 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, 2010 the District had \$722,148 in excess surplus, of which \$175,056 has been appropriated and included as anticipated revenue in the 2011 fiscal year budget. This is compared to the prior year excess surplus of \$1,393,053, of which \$1,217,997 was budgeted in the 2010 fiscal year. Through the 2010 fiscal year budget process the District established a Maintenance Reserve Fund and an Emergency Reserve Fund in the amount of \$25,000 and \$250,000, respectively. The District has budgeted both of these funds as anticipated revenue in the 2011 fiscal year budget.
- During the fiscal year ended June 30, 2010, the District's revenues were \$861,719 less than total expenditures. During the prior fiscal year, revenue was less than total expenditures by \$170,809.
- After the District's 2009-2010 budget was adopted, the State of New Jersey reduced the District's State Aid to \$686,497. This is a reduction of \$249,255, or 26%. In addition, the District's State Aid has been further reduced by \$682,928, or 73%, for the 2010-2011 fiscal year. The reduction of \$932,183 in State Aid resulted in the District's need to decrease operating costs. The decrease in the operating expenses was the primary reason for the closing of the Union Avenue Elementary School.
- In the District's business-type activities, net assets decreased \$8,127.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements*, *required supplementary information*, and an optional section that presents *combining statements for special revenue, capital projects*,

*proprietary, and fiduciary funds.* The basic financial statements include two kinds of statements that present different views of the District.

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

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

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

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

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service, Summer Center Stage/Recreation, 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 assets	Balance sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of net assets  Statement of revenues, expenses, and changes in net assets  Statement of cash flows	Statement of fiduciary net assets  Statement of changes in fiduciary net assets
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 assets 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 assets* and how they have changed. Net assets – 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 assets 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, summer center stage/recreation, 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 assets and a statement of changes in fiduciary net assets. 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 assets.** The District’s governmental activities net assets decreased between fiscal years 2010 and 2009 as a result of an overall increase in salaries, tuition, and health benefits. The business-type activities net assets increased due to a decrease in salaries and other expenses to operate the programs. The financial condition of the District, excluding depreciation expense, improved during the 2010 fiscal year.

	<b><u>Govern- mental Activities</u></b>	<b><u>Business- type Activities</u></b>	<b><u>Total June 30, 2010</u></b>	<b><u>Govern- mental Activities</u></b>	<b><u>Business- type Activities</u></b>	<b><u>Total June 30, 2009</u></b>
Current and other assets	\$1,764,873	35,190	1,800,063	2,801,928	93,647	2,895,575
Impaired assets	3,079,559		3,079,559			0
Capital assets	17,878,968		17,878,968	22,140,761		22,140,761
<b>Total assets</b>	<b>22,723,400</b>	<b>35,190</b>	<b>22,758,590</b>	<b>24,942,689</b>	<b>93,647</b>	<b>25,036,336</b>
Long-term liab.	406,208	11,694	417,902	1,384,264	28,493	1,412,757
Other liabilities	124,544	2,895	127,439	310,804	36,426	347,230
<b>Total liabilities</b>	<b>530,752</b>	<b>14,589</b>	<b>545,341</b>	<b>1,695,068</b>	<b>64,919</b>	<b>1,759,987</b>
Net assets						
Invested in Capital assets	20,958,527		20,958,527	22,140,761		22,140,761
Restricted	1,457,396		1,457,396	2,283,403		2,283,403
Unrestricted	(223,275)	20,601	(202,674)	(1,176,543)	28,728	(1,147,815)
<b>Total net assets</b>	<b>\$22,192,648</b>	<b>20,601</b>	<b>22,213,249</b>	<b>23,247,621</b>	<b>28,728</b>	<b>23,276,349</b>

Net assets of the district decreased due to continued depreciation taken on the district's property and equipment. In addition, the City of Margate took over the recreation department in October 2009 which resulted in a significant decrease in the business-type activities.

As required by New Jersey Statutes, the unrestricted net assets of the District are 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, 2010, the District did have \$722,148 in excess fund balance, of which \$175,056 has been appropriated and included as anticipated revenue in the 2011 fiscal year budget.

**Changes in net assets.** The total revenue of the District decreased \$187,648 due to decreases in unrestricted state aid. This decrease was offset by an increase in other miscellaneous revenue as a result of the sale of solar renewal energy credits (SRECS). Also, the local tax levy, tuition, and reimbursed TPAF social security contributions remained consistent with the prior year.

Approximately 5.44% of the District's revenue comes from the State of New Jersey in the form of nonrestricted state aid. After the 2010 fiscal year budget was adopted, the District was notified that their State aid was decreased by \$249,255. This aid is based on the District's enrollment as well as other factors such as growth in the City. The City of Margate levies property taxes on properties located in the city. This tax is remitted to the District on a monthly basis. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>6/30/10</u>	<u>Percentage</u>	<u>6/30/09</u>	<u>Percentage</u>
Property taxes	\$9,987,118	77.89%	10,173,118	78.20%
Unrestricted State aid	697,421	5.44%	907,965	6.98%
Tuition	902,276	7.04%	921,101	7.08%
Operating grants and Contributions	1,019,045	7.95%	962,558	7.40%
Other	215,483	1.68%	44,249	0.34%
Totals	<u>\$12,821,343</u>	<u>100.00%</u>	<u>13,008,991</u>	<u>100.00%</u>

### **Governmental & Business-Type Activities**

The following schedule summarizes the governmental and business-type activities of the District during the 2010 and 2009 fiscal years.

	<u>Govern- Mental Activities</u>	<u>Business- Type Activities</u>	<u>Total 6/30/10</u>	<u>Govern- mental Activities</u>	<u>Business- type Activities</u>	<u>Total 6/30/09</u>
<b>Revenues</b>						
Program revenue						
Charges for srvs	902,276	287,493	1,189,769	921,101	730,269	1,651,370
Grants & entitle.						
Federal	310,646	18,964	329,610	238,203	20,006	258,209
State	680,730	918	681,648	653,670	958	654,628
Local	27,669		27,669	70,685		70,685
General revenues						
Property taxes	9,987,118		9,987,118	10,173,118		10,173,118
State aid entitle.	697,421		697,421	907,965		907,965
Other	215,483	217	215,700	44,249	145	44,394
<b>Total revenues</b>	<b>12,821,343</b>	<b>307,592</b>	<b>13,128,935</b>	<b>13,008,991</b>	<b>751,378</b>	<b>13,760,369</b>
<b>Expenses</b>						
Instruction:						
Regular	4,560,457		4,560,457	4,874,371		4,874,371
Special education	507,067		507,067	488,094		488,094
Other special inst.	248,047		248,047	285,220		285,220
Other instruction	91,501		91,501	84,001		84,001
Support services:						
Tuition	3,583,924		3,583,924	3,692,629		3,692,629
Student & instr related services	1,645,461		1,645,461	1,684,932		1,684,932
School admin srvcs	290,416		290,416	308,039		308,039
General and bus admin srvc	806,293		806,293	802,587		802,587
Plant operations & maintenance	1,702,436		1,702,436	1,627,141		1,627,141
Pupil transportation	369,727		369,727	425,262		425,262
Business-type act		399,436	399,436		769,944	769,944
<b>Total expenses</b>	<b>13,805,329</b>	<b>399,436</b>	<b>14,204,765</b>	<b>14,272,276</b>	<b>769,944</b>	<b>15,042,220</b>
(Deficiency before Special items & Transfers)	(983,986)	(91,844)	(1,075,830)	(1,263,285)	(18,566)	(1,281,851)
Special items	12,730		12,730	3,832		3,832
Transfers	(83,717)	83,717	0	(112,613)	112,613	0
<b>Increase/(decrease) in net assets</b>	<b>(1,054,973)</b>	<b>(8,127)</b>	<b>(1,063,100)</b>	<b>(1,372,066)</b>	<b>94,047</b>	<b>(1,278,019)</b>

## **Business-type Activities**

Revenues of the District's business-type activities decreased 59.06% to \$307,592 as a result of the City taking over the recreation department in October 2009. Expenses also decreased due to the City taking over the recreation department.

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

As of the year end, the governmental funds reported a combined fund balance of \$1,640,329 which is \$850,795 lower than the beginning of the year. This decrease is due mainly to the decrease in state aid awarded to the district during the fiscal year, as well as significant increases in maintenance and health benefit costs. 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. Any projects or debt is approved by the City of Margate and would be a direct obligation of the City.

## **General Fund Budgetary Highlights**

As further explained in the Footnotes 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 County Superintendent of Schools. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30<sup>th</sup> carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, which are not budgeted, the District's actual revenue was under the budget by \$80,197. This is a result of the decrease in state aid in the amount of \$249,255. This decrease was offset by an increase in miscellaneous revenue from the sale of solar renewal energy credits in the amount of \$145,878. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual expenditures were below the budgeted appropriations by \$1,039,095. This is the result of good controls over spending throughout the year. Audit exhibit C-1 does not include current year depreciation expense.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

During the 2010 fiscal year, the District did not invest in any significant capital assets or projects. The 19.25% decrease is mainly due to the closing of the Union Avenue Elementary School as of June 30, 2010, which is now classified as an impaired asset, as defined by Governmental Accounting Standards Board Statement 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", on the District's Statement of Net Assets, in addition to depreciation on the various property and equipment owned by the district.

	<b><u>Govern- mental Activities</u></b>	<b><u>Business- type Activities</u></b>	<b><u>Total 6/30/10</u></b>	<b><u>Govern- Mental Activities</u></b>	<b><u>Business- type Activities</u></b>	<b><u>Total 6/30/09</u></b>
Land	1,444,429		1,444,429	1,756,541		1,756,541
Buildings& Building Improve.	16,186,434		16,186,434	20,150,769		20,150,769
Mach. & equipment	248,105		248,105	233,451		233,451
<b>Total</b>	<b>17,878,968</b>	<b>0</b>	<b>17,878,968</b>	<b>22,140,761</b>	<b>0</b>	<b>22,140,761</b>

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

### Long-term Debt

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District budget for the 2011 fiscal year includes very little expansion for equipment acquisitions. Also, appropriations budgeted are decreased 8.29% due to the loss of State Aid and the closing of the Union Avenue Elementary School.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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**DISTRICT - WIDE FINANCIAL STATEMENTS**

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**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Net Assets**  
**June 30, 2010**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$1,344,617	30,032	1,374,649
Other accounts receivable	181,051		181,051
Receivables from other governments	239,205	3,889	243,094
Inventory		1,269	1,269
Impaired assets, lower of cost or market:			
Land	312,112		312,112
Building, net of accumulated depreciation	2,767,447		2,767,447
Capital assets not being depreciated			
Land	1,444,429		1,444,429
Capital assets, net of accumulated depreciation	16,434,539		16,434,539
Total Assets	<u>22,723,400</u>	<u>35,190</u>	<u>22,758,590</u>
<b>LIABILITIES</b>			
Accounts payable	104,790	2,895	107,685
Deferred revenue	19,754		19,754
Noncurrent liabilities:			
Due within one year	87,586		87,586
Due beyond one year	318,622	11,694	330,316
Total liabilities	<u>530,752</u>	<u>14,589</u>	<u>545,341</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	20,958,527		20,958,527
Restricted for:			
Other purposes	1,457,396		1,457,396
Unrestricted	(223,275)	20,601	(202,674)
Total net assets	<u>\$22,192,648</u>	<u>20,601</u>	<u>22,213,249</u>

See accompanying notes to the financial statements

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	3,757,747	802,711	902,276	447,040	(3,211,142)	(3,211,142)	(3,211,142)
Special education	417,950	89,117		24,129	(482,938)	(482,938)	(482,938)
Other special instruction	203,766	44,281		11,989	(236,058)	(236,058)	(236,058)
Other instruction	70,678	20,823		5,638	(85,863)	(85,863)	(85,863)
Support services:							
Tuition	2,955,878	628,046		170,046	(3,413,878)	(3,413,878)	(3,413,878)
Student & instruction related services	1,341,033	304,428		191,038	(1,454,423)	(1,454,423)	(1,454,423)
School administrative services	238,702	51,714		14,002	(276,414)	(276,414)	(276,414)
General and business administrative services	648,050	140,309		37,989	(750,370)	(750,370)	(750,370)
Administrative Information Technology	14,798	3,137		849	(17,086)	(17,086)	(17,086)
Plant operations and maintenance	1,346,054	356,382		96,492	(1,605,944)	(1,605,944)	(1,605,944)
Pupil transportation	296,476	73,251		19,833	(349,894)	(349,894)	(349,894)
Unallocated benefits	1,268,026	(1,268,026)					
Unallocated depreciation	1,246,171	(1,246,171)					
Total governmental activities	13,805,329	0	902,276	1,019,045	(11,884,008)	0	(11,884,008)
Business-type activities:							
Food Service	103,335		35,363	19,882	(48,090)	(48,090)	(48,090)
Community Service Programs	296,101		252,130		(43,971)	(43,971)	(43,971)
Total business-type activities	399,436	0	287,493	19,882	(92,061)	(92,061)	(92,061)
Total government	14,204,765	0	1,189,769	1,038,927	(11,884,008)	(92,061)	(11,976,069)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					9,987,118	9,987,118	9,987,118
Federal and State aid not restricted					697,421	697,421	697,421
Investment Earnings					33,818	33,818	34,035
Miscellaneous Income					181,665	181,665	181,665
Special item:							
Cancellation of prior year purchase orders					12,730	12,730	12,730
Transfers					(83,717)	(83,717)	0
Total general revenues and transfers					10,829,035	83,934	10,912,969
Change in Net Assets					(1,054,973)	(8,127)	(1,063,100)
Net Assets—beginning					23,247,621	28,728	23,276,349
Net Assets—ending					\$22,192,648	20,601	22,213,249

See accompanying notes to the 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, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$1,344,617		1,344,617
Other accounts receivable	147,858	33,193	181,051
Interfund accounts receivable	252,238		252,238
Receivables from other governments		239,205	239,205
Total assets	<u>1,744,713</u>	<u>272,398</u>	<u>2,017,111</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	104,384	406	104,790
Interfund accounts payable		252,238	252,238
Deferred revenue		19,754	19,754
Total liabilities	<u>104,384</u>	<u>272,398</u>	<u>376,782</u>
Fund Balances:			
Reserved for:			
Encumbrances	7,392		7,392
Excess surplus	547,092		547,092
Excess surplus -- designated for			
Subsequent year's expenditures	175,056		175,056
Designated for subsequent year's expenditures:			
Unreserved fund balance	452,856		452,856
Withdrawal from emergency reserve	250,000		250,000
Withdrawal from maintenance reserve	25,000		25,000
Unreserved, reported in:			
General fund	182,933		182,933
Special revenue fund			0
Total Fund balances	<u>1,640,329</u>	<u>0</u>	<u>1,640,329</u>
Total liabilities and fund balances	<u>\$1,744,713</u>	<u>272,398</u>	
Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			20,958,527
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.			
Compensated Absences			<u>(406,208)</u>
Net assets of governmental activities			<u>\$22,192,648</u>

**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, 2010**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Local tax levy	\$9,987,118		9,987,118
Tuition charges	902,276		902,276
Interest	33,818		33,818
Miscellaneous	181,665		181,665
State sources	1,378,151		1,378,151
Federal sources		310,646	310,646
Local sources		27,669	27,669
Total revenues	<u>12,483,028</u>	<u>338,315</u>	<u>12,821,343</u>
<b>EXPENDITURES</b>			
Current:			
Regular instruction	3,528,044	229,702	3,757,746
Special education instruction	417,950		417,950
Other special instruction	203,766		203,766
Other instruction	70,678		70,678
Support services and undistributed costs:			
Tuition	2,892,861		2,892,861
Student & instruction related services	1,232,420	108,613	1,341,033
School administrative services	238,702		238,702
Other administrative services	648,050		648,050
Administration Information Technology	14,798		14,798
Plant operations and maintenance	1,346,054		1,346,054
Pupil transportation	296,476		296,476
Unallocated Benefits	2,246,083		2,246,083
Capital outlay	63,937		63,937
Transfer to Charter Schools	63,017		63,017
Total expenditures	<u>13,262,836</u>	<u>338,315</u>	<u>13,601,151</u>
Excess (Deficiency) of revenues over expenditures	<u>(779,808)</u>	<u>0</u>	<u>(779,808)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Cancellation of prior year purchase orders	12,730		12,730
Transfers out	(83,717)		(83,717)
Total other financing sources and uses	<u>(70,987)</u>	<u>0</u>	<u>(70,987)</u>
Net change in fund balances	(850,795)	0	(850,795)
Fund balance—July 1	2,491,124	0	2,491,124
Fund balance—June 30	<u>\$1,640,329</u>	<u>0</u>	<u>1,640,329</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, 2010**

**Total net change in fund balances - governmental funds (from B-2)** (\$850,795)

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	(1,246,171)	
	Capital outlays	<u>63,937</u>	(1,182,234)

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 (+).

978,056

**Change in net assets of governmental activities**

(\$1,054,973)

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Community Service Programs</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$19,901	10,131	30,032
Accounts receivable	3,889		3,889
Prepaid expenses			0
Inventories	1,269		1,269
Total current assets	25,059	10,131	35,190
Noncurrent assets:			
Furniture, machinery & equipment	22,683		22,683
Less accumulated depreciation	(22,683)		(22,683)
Total noncurrent assets	0	0	0
Total assets	25,059	10,131	35,190
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,895		2,895
Deferred revenue			0
Total current liabilities	2,895	0	2,895
Non-current liabilities:			
Compensated absences payable	11,694		11,694
Total current liabilities	11,694	0	11,694
Total liabilities	14,589	0	14,589
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	0		0
Unrestricted	10,470	10,131	20,601
Total net assets	\$10,470	10,131	20,601

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

	<b>Business-type Activities -</b>		
	<b>Enterprise Fund</b>		
	<b>Food Service</b>	<b>Community Service Programs</b>	<b>Total Enterprise</b>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$27,661		27,661
Daily sales - non-reimbursable programs	7,702		7,702
School Store		1,319	1,319
Community service activities		230,255	230,255
Latchkey		20,556	20,556
Total operating revenues	<u>35,363</u>	<u>252,130</u>	<u>287,493</u>
Operating expenses:			
Cost of sales	48,325		48,325
Salaries	42,918	119,871	162,789
Employee benefits		16,588	16,588
Cleaning, repair and maintenance services	408		408
Community service trips		24,744	24,744
General supplies	11,684	35,945	47,629
Other objects		98,953	98,953
Total Operating Expenses	<u>103,335</u>	<u>296,101</u>	<u>399,436</u>
Operating (loss)	<u>(67,972)</u>	<u>(43,971)</u>	<u>(111,943)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	918		918
Federal sources:			
National school lunch program	16,720		16,720
Food distribution program	2,244		2,244
Interest and investment revenue	217		217
Total nonoperating revenues	<u>20,099</u>	<u>0</u>	<u>20,099</u>
(Loss) before contributions & transfers	<u>(47,873)</u>	<u>(43,971)</u>	<u>(91,844)</u>
Transfers in	83,717		83,717
Change in net assets	35,844	(43,971)	(8,127)
Total net assets—beginning	<u>(25,374)</u>	<u>54,102</u>	<u>28,728</u>
Total net assets—ending	<u>\$10,470</u>	<u>10,131</u>	<u>20,601</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, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Community Service Programs</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$35,363	287,235	322,598
Payments to employees	(59,717)	(124,343)	(184,060)
Payments to suppliers	(70,445)	(171,032)	(241,477)
Net cash (used for) operating activities	(94,799)	(8,140)	(102,939)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	892		892
Federal Sources	16,361		16,361
Operating subsidies and transfers from other funds	83,717		83,717
Net cash provided by non-capital financing activities	100,970	0	100,970
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	217		217
Net cash provided by investing activities	217	0	217
Net increase (decrease) in cash and cash equivalents	6,388	(8,140)	(1,752)
Balances—beginning of year	13,513	18,271	31,784
Balances—end of year	\$19,901	10,131	30,032
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating (loss)	(67,972)	(43,971)	(111,943)
Adjustments to reconcile operating (loss) to net cash provided by/ (used for) operating activities			
Federal commodities	2,244		2,244
Decrease in other accounts receivables		44,505	44,505
Decrease in prepaid expenses		12,116	12,116
Decrease in inventories	469		469
(Decrease) in deferred revenue		(9,400)	(9,400)
(Decrease) in accounts payable	(12,741)	(11,390)	(24,131)
(Decrease) in compensated absences payable	(16,799)		(16,799)
Total adjustments	(26,827)	35,831	9,004
Net cash (used for) operating activities	(\$94,799)	(8,140)	(102,939)

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2010**

	<b>Expendable Trusts</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$92,809	10,000
Total assets	92,809	10,000
<b>LIABILITIES</b>		
Payable to student groups		6,422
Payroll deductions and withholdings		3,578
Total liabilities	0	10,000
<b>NET ASSETS</b>		
Held in trust for unemployment claims and other purposes	\$92,809	

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2010**

	Expendable Trusts
<b>ADDITIONS</b>	
Contributions:	
Deductions from Employee's Salaries	9,246
Total Contributions	9,246
Investment earnings:	
Interest	1,469
Net investment earnings	1,469
Total additions	10,715
<b>DEDUCTIONS</b>	
Unemployment claims	19,669
Scholarships awarded	100
Total deductions	19,769
Change in net assets	(9,054)
Net assets—beginning of the year	101,863
Net assets—end of the year	\$92,809

**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) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. 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, 2010 of 567 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 statutory 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/recreation, performing arts, and latchkey program are classified as business-type activities.

In the governmental-wide Statement of Net Assets, 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 assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. 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.). 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 assets resulting from the current year's activities.

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

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

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

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.

**2. Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, 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, recreation, 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 assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

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

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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.

**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.

**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

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

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).

**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, 2010, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Supplies	1,269
	<u>1,269</u>
	\$ <u>1,269</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

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

**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 voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**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.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as 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.

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

**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(f). 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. The Board of Education approved the following material budgetary appropriation transfers during the 2010 fiscal year:

Salaries of Teachers Gr 1-5	\$	(173,887)
Salaries of Teachers Gr 6-8		84,796
Basic Skills – Salaries		(21,000)
Tuition-County Special Services		38,549
Tuition-Private School w/in State		(38,639)
Student Related Services Salaries		35,000
Health Services Salaries		17,762
Media Services Salaries		(70,000)
Media Services Supplies		(35,000)
General Administration Salaries		27,000
Judgments Against School District		35,000
School Administration Salaries		
Principals		14,197
Secretarial and Clerical Assistants		(32,500)
Cleaning, Repairs and Maintenance Svcs		(21,200)
Oper & Maint of Plant Supplies		26,370
Energy (Natural Gas)		18,000
Energy (Electricity)		(30,000)
Transportation–Joint Agreements		
Between Home and School		23,437
Special Education		(28,002)
Other Retirement Contributions		(28,215)
Other Employee Benefits		113,367
Equipment Grades 1-5		18,805
Equipment Grades 6-8		30,088
Capital Outlay Instructional Staff		(48,893)

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

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

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 deferred revenues at fiscal year end.

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

**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. As a result of the change in the timing of the tuition adjustments, the amount due from the Atlantic City School District is \$689,858 for the 2007/08 and 2008/09 fiscal years. The fiscal year 2011 tuition contract has been adjusted for this amount.

**12. Tuition Payable**

Tuition charges for the fiscal years 2009/10 and 2008/09 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. As a result of the change in the timing of the tuition adjustments, the amount due to the Borough of Longport Board of Education is \$32,775 for the 2007/08 and 2008/09 fiscal years. The fiscal year 2011 tuition contract has been adjusted for this amount.

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

**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.

**F. RECENT ACCOUNTING PRONOUNCEMENTS**

In February 2009, the Governmental Accounting Standards Board (GASB) adopted Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement will become effective for fiscal periods beginning after June 15, 2010. The effective date for the District is the fiscal year beginning July 1, 2010. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing fund balance type definitions.

**NOTE 2. INVESTMENTS**

As of June 30, 2010, 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, 2010, \$0 of the District's bank balance of \$1,441,007 was exposed to custodial credit risk.

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

**NOTE 4. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<b><u>Balance</u></b> <b><u>June 30, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Disposals/</u></b> <b><u>Adjustments</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2010</u></b>
<b>Governmental Activities:</b>				
Impaired Assets:				
Land	\$ 0	312,112		312,112
Building and mprov	0	5,243,522		5,243,522
Total impaired assets at lower of cost or market	0	5,555,634	0	5,555,634
Less accum depr	0	(2,476,075)	0	(2,476,075)
Total impaired assets, net of accum depr	0	3,079,559	0	3,079,559
Capital assets that are not being depreciated:				
Land	1,756,541		(312,112)	1,444,429
Total capital assets not being depreciated	1,756,541	0	(312,112)	1,444,429
Bldg and bldg improve	29,266,596		(5,243,522)	24,023,074
Machinery & equipment	1,113,925	63,937	0	1,177,862
Total at historical cost	30,380,521	63,937	(5,243,522)	25,200,936
Less accum depr for:				
Bldg and improve	(9,115,827)	(1,196,888)	2,476,075	(7,836,640)
Equipment	(880,474)	(49,283)	0	(929,757)
Total accum deprec	(9,996,301)	(1,246,171)	2,476,075	(8,766,397)
Total capital assets being depr, net of accum depr	20,384,220	(1,182,234)	(2,767,447)	16,434,539
<b>Governmental activities capital assets, net</b>	<b>22,140,761</b>	<b>(1,182,234)</b>	<b>(3,079,559)</b>	<b>17,878,968</b>
<b>Business-type activities:</b>				
Equipment	28,209			28,209
Less accum depr for:				
Equipment	(28,209)			(28,209)
<b>Business-type activities capital assets, net</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

Prior to June 30, 2010, the Board of Education approved the closing of the Union Avenue Elementary School upon completion of the 2009/2010 school year. The closing was primarily due to a decrease in State Aid in the amount of \$931,183. In addition, there has been a decline in student enrollment over the past several years. At the current time, it is the intent of the District to re-purpose the building and rent it to outside organizations. It is possible that the building could be sold in the future if it is determined to be economically feasible. The closing of this building has been approved by the State of New Jersey, Department of Education. It has been determined that the closing of this building is consistent with the District's long-range facility plan and there is sufficient capacity in the remaining two schools to house all students within the District.

Depreciation expense charged to governmental functions is as follows:

Regular instruction	\$	397,867
Special education		44,171
Other special instruction		21,948
Other instruction		10,321
Student & instruction related services		462,183
School administrative expenses		25,632
General administration		53,372
Central services		16,173
Administration Info Technology		1,555
Transportation		36,307
Plant operations and maintenance		176,642
	\$	<u>1,246,171</u>

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

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	Amounts Dues within <u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Comp Absences Payable	1,384,264	255,584	(1,233,640)	406,208	87,586
Total Governmental Activities	<u>1,384,264</u>	<u>255,584</u>	<u>(1,233,640)</u>	<u>406,208</u>	<u>87,583</u>
Business-type Activities:					
Other Liabilities					
Comp Absences Payable	28,493	2,732	(19,531)	11,694	0
Total Business-Type Activities	<u>28,493</u>	<u>2,732</u>	<u>(19,531)</u>	<u>11,694</u>	<u>0</u>

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

**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.

**NOTE 6. OPERATING LEASES**

Effective May 1, 2006, the District is leasing various Xerox copy machines for the schools and administrative office. The lease term is for five years. The monthly payment on each machine ranges from \$853 to \$1,012 per month. Total rental expense for the 2010 fiscal year was \$43,860.

The following is minimum lease payments due on an annual basis:

Year ending June 30,	<b><u>Amount</u></b>
2011	37,530
2012	0
2013	0
2014	0
Total future minimum lease payments	\$ <u>37,530</u>

**NOTE 7. 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/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

**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.

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

**Public Employees' Retirement System**

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

**Funding Policy**

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 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 5.5% 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 5.5% and the PERS rate is 5.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2010, 2009, and 2008 were \$307,471, \$301,633, and \$382,662, 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, 2010, 2009, and 2008 were \$83,934, \$62,441, and \$44,692 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2010, 2009 and 2008, the State of New Jersey contributed \$307,471, \$301,633, and \$689,948 respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$373,259, \$352,036, and \$328,662 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

**NOTE 8. LABOR CONTRACTS**

As of June 30, 2010, the District's employees are organized in two collective bargaining units. The contracts with the Education Association and the Administrators Association expire June 30, 2011. In addition, the District has a separate contract with the Business Administrator that is renewed annually. The contract with the Superintendent will expire June 30, 2012.

**NOTE 9. 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

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

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, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. 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 for free 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 \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

**NOTE 10. 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 Assets*, 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 11. 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

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

**NOTE 12. 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, 2010 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:

Fiscal Year	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2009-2010	\$ 1,439	9,246	19,669	89,926
2008-2009	\$ 1,424	8,937	613	98,910
2007-2008	\$ 2,430	8,260	492	89,162

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2010:

Fund	Interfund Receivable	Interfund Payable
Governmental Funds:		
General	\$ 252,238	
Special Revenue		252,238
Totals	\$ 252,238	252,238

Interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies. During the 2010 fiscal year, the general fund made a permanent interfund transfer to the enterprise fund to partially cover accumulated deficits in the District food service program. It is anticipated that all interfunds will be liquidated during the fiscal year.

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

**NOTE 14. ECONOMIC DEPENDENCY**

The District is heavily reliant on local property taxation through the City of Margate and State Aid to fund the District’s operations. Property taxes and state aid funded 92% of the District 2009-2010 governmental operations.

**NOTE 15. 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 deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. 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 16. EMERGENCY RESERVE FUND**

New Jersey Statute 18A:7F-41(c) permits school districts to establish a current expense emergency reserve in the general fund with deposits made to the account with voter approval, beginning in the fiscal year 2008 budget process, or at year end by board resolution. This reserve account is to be used to finance future unanticipated (reasonably unforeseeable) general fund expenditures required for a thorough and efficient education. The emergency reserve balance cannot exceed \$250,000 or one percent of the district’s general fund budget (which amounts to \$118,716 for the 2010 fiscal year) up to a maximum of \$1 million, whichever is greater. Withdrawals require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in health costs greater than four percent.

The activity in the emergency reserve for the 2010 fiscal year is as follows:

Beginning balance, July 1, 2009	\$ 250,000
Increases	0
Withdrawals	0
Ending balance, June 30, 2010	\$ <u>250,000</u>

The District has included the above balance in their 2010-2011 fiscal year budget as anticipated revenue.

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

**NOTE 17. MAINTENANCE RESERVE FUND**

New Jersey Statute 18A:7G-9 permits school districts to establish a maintenance reserve account for the required maintenance of the District’s facilities, in accordance with the Commissioner approved plan. The District can only increase the balance in this reserve account by appropriating funds in the annual general fund budget certified for taxes.

The activity in the maintenance reserve fund for the 2010 fiscal year is as follows:

Beginning balance, July 1, 2009	\$	25,000
Increases		0
Withdrawals		0
Ending balance, June 30, 2010	\$	<u>25,000</u>

The District has included the above balance in their 2010-2011 fiscal year budget as anticipated revenue.

**NOTE 18. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$1,710,712 General Fund fund balance at June 30, 2010, \$7,392 is reserved for encumbrances; \$722,148 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$175,056 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); \$727,856 has been appropriated and also included as anticipated revenue for the year ending June 30, 2010 (\$275,000 of the total appropriated represents the prior reserve for Maintenance and Current Expense Emergency fund); and \$253,316 is unreserved and undesignated.

**NOTE 19. 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, 2010 is \$722,148, of which \$175,056 has been included in the 2010-11 budget. The excess fund balance at June 30, 2009 was \$1,393,053. Pursuant to the provisions of Executive Order No. 14, \$0 of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2009-10 withholding of state aid.

**NOTE 20. 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.

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2010**

In December 2009, the District was notified by the Atlantic City Board of Education of its intent to bill the District \$175,000 as a reimbursement for the cost of a settlement against Atlantic City concerning the evaluation and development of a program for a special education student. The student is a resident of the City of Margate. The District has filed a petition of appeal with the Commissioner of Education and intends to vigorously defend the counterclaim.

As of June 30, 2009 a petition against the District had been filed with the NJ Department of Education seeking, among other things, reimbursement for the costs allegedly paid by a special education student's family for a residential placement in which the student was unilaterally enrolled by the family. Although the District vigorously defended this petition it was determined that the District is responsible for the tuition payments to educate this child.

**NOTE 21. SOLAR PHOTOVOLTAIC PANEL PROJECT**

During the 2010 fiscal year, the District authorized the sale of approximately 515 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 \$349,428 of which \$203,550 was received prior to June 30, 2010. The remaining balance of \$145,878 has been realized as revenue, and a receivable established, as of June 30, 2010. Credits are earned during the fiscal year that operates from June 1 to May 31. During the month of June 2010, credits may have been earned that would be available for sale during the 2011 fiscal year. Due to market fluctuations and the possibility these credits will no longer be available for sale as of May 31, 2011, a receivable has not been established as of June 30, 2010.

**NOTE 22. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 26, 2010, the date which the financial statements were available to be issued and no items, except as indicated below, were noted for disclosure.

Subsequent to June 30, 2010 the Margate City School District identified mold contamination at the Union Avenue Elementary School. As indicated in Note 4 above, this school was closed as of June 30, 2010. As of the date of this audit report, a significant amount of the mold has been cleaned up by the District's maintenance contractor. The District is currently obtaining reports to determine the cause, as well as the extent, of the contamination. At the present time, any additional costs for clean up or repairs is not known.

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

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**BUDGETARY COMPARISON SCHEDULES**

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**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	9,987,118		9,987,118	9,987,118	0
Tuition - From Individuals	112,900		112,900	108,475	(4,425)
Tuition - From other LEAs within State	793,801		793,801	793,801	0
Interest	42,000		42,000	33,818	(8,182)
Miscellaneous			0	181,665	181,665
<b>Total - Local Sources</b>	<b>10,935,819</b>	<b>0</b>	<b>10,935,819</b>	<b>11,104,877</b>	<b>169,058</b>
State Sources:					
Categorical Transportation Aid	140,239		140,239	91,155	(49,084)
Categorical Special Education Aid	308,700		308,700	278,914	(29,786)
Categorical Security Aid	43,268		43,268	28,124	(15,144)
Adjustment Aid	443,545		443,545	288,304	(155,241)
On-Behalf TPAF Pension Contributions (non-budgeted)				307,471	307,471
Reimbursed TPAF Social Security Contributions (non-budgeted)				373,259	373,259
<b>Total - State Sources</b>	<b>935,752</b>	<b>0</b>	<b>935,752</b>	<b>1,367,227</b>	<b>431,475</b>
<b>Total Revenues</b>	<b>11,871,571</b>	<b>0</b>	<b>11,871,571</b>	<b>12,472,104</b>	<b>600,533</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	54,500	0	54,500	54,500	0
Kindergarten	242,820	0	242,820	218,233	24,587
Grades 1-5	1,755,628	(173,887)	1,581,741	1,498,692	83,049
Grades 6-8	1,369,483	84,796	1,454,279	1,450,749	3,530
Regular Programs - Home Instruction:					
Salaries of Teachers	2,044	0	2,044	544	1,500

**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	134,125	0	134,125	100,700	33,425
Other Purchased Services	275	775	1,050	979	71
General Supplies	246,540	3,660	250,200	155,421	94,779
Textbooks	75,307	(3,119)	72,188	48,226	23,962
<b>Total Regular Programs</b>	<b>3,880,722</b>	<b>(87,775)</b>	<b>3,792,947</b>	<b>3,528,044</b>	<b>264,903</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	236,040	0	236,040	234,264	1,776
Other Salaries for Instruction	55,518	8,919	64,437	64,437	0
General Supplies	1,500	(165)	1,335	0	1,335
<b>Total Resource Room/Resource Center</b>	<b>293,058</b>	<b>8,754</b>	<b>301,812</b>	<b>298,701</b>	<b>3,111</b>
<b>Preschool Disabilities - Full Time:</b>					
Salaries of Teachers	86,840	5,373	92,213	92,213	0
Other Salaries for Instruction	23,759	475	24,234	24,234	0
General Supplies	2,626	210	2,836	2,802	34
<b>Total Preschool Disabilities - Full Time</b>	<b>113,225</b>	<b>6,058</b>	<b>119,283</b>	<b>119,249</b>	<b>34</b>
<b>Total Special Education - Instruction</b>	<b>406,283</b>	<b>14,812</b>	<b>421,095</b>	<b>417,950</b>	<b>3,145</b>
<b>Basic Skills/Remedial- Instruction</b>					
Salaries of Teachers	165,880	(21,000)	144,880	140,143	4,737
Other Salaries for Instruction	35,598	0	35,598	35,598	0
General Supplies	500	(20)	480	0	480
<b>Total Basic Skills/Remedial - Instruction</b>	<b>201,978</b>	<b>(21,020)</b>	<b>180,958</b>	<b>175,741</b>	<b>5,217</b>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	25,000	3,025	28,025	28,025	0
General Supplies	250	0	250	0	250
<b>Total Bilingual Education - Instruction</b>	<b>25,250</b>	<b>3,025</b>	<b>28,275</b>	<b>28,025</b>	<b>250</b>

**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund**

**For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>School Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	32,090	4,800	36,890	32,375	4,515
Supplies and Materials	700	0	700	0	700
Other Objects	13,500	0	13,500	11,128	2,372
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	<b>46,290</b>	<b>4,800</b>	<b>51,090</b>	<b>43,503</b>	<b>7,587</b>
<b>School Sponsored Athletics - Instruction</b>					
Salaries	15,300	2,000	17,300	16,515	785
Purchased Services	3,800	48	3,848	3,848	0
Supplies and Materials	10,201	0	10,201	6,081	4,120
Other Objects	1,000	(48)	952	731	221
<b>Total School Sponsored Athletics - Instruction</b>	<b>30,301</b>	<b>2,000</b>	<b>32,301</b>	<b>27,175</b>	<b>5,126</b>
<b>Summer School - Instruction</b>					
Salaries of Teachers	13,000	0	13,000	0	13,000
Other Salaries of Instruction	2,000	0	2,000	0	2,000
<b>Total Summer School - Instruction</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>
<b>Total Instruction</b>	<b>4,605,824</b>	<b>(84,158)</b>	<b>4,521,666</b>	<b>4,220,438</b>	<b>301,228</b>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs within the State - Regular	2,351,257	90	2,351,347	2,351,257	90
Tuition to Other LEAs within the State - Special	216,643	0	216,643	216,643	0
Tuition to County Voc. School District - Regular	5,750	0	5,750	5,281	469
Tuition to CSSD & Regional Day Schools	167,509	38,549	206,058	206,058	0
Tuition to Private Schools for the Disabled- Within State	127,323	(38,639)	88,684	82,872	5,812
Tuition - State Facilities	30,750	0	30,750	30,750	0
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,899,232</b>	<b>0</b>	<b>2,899,232</b>	<b>2,892,861</b>	<b>6,371</b>

**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Attendance and Social Work:					
Salaries	41,200	0	41,200	41,200	0
Total Undistributed Expenditures - Attendance and Social Work	41,200	0	41,200	41,200	0
Undistributed Expenditures - Health Services:					
Salaries	211,368	17,762	229,130	229,130	0
Supplies and Materials	15,000	0	15,000	10,786	4,214
Total Undistributed Expenditures - Health Services	226,368	17,762	244,130	239,916	4,214
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	181,680	0	181,680	177,118	4,562
Purchased Professional Educational Services	1,000	0	1,000	0	1,000
Supplies and Materials	2,500	0	2,500	1,350	1,150
Total Undistributed Expenditures - Other Support Services - Students - Regular	185,180	0	185,180	178,468	6,712
Undistributed Expenditures - Other Support Services - Extra. Serv.					
Salaries - Aides	114,253	10,016	124,269	124,269	0
Purchased Professional - Educational Services	50,000	1,045	51,045	51,045	0
Other Objects	6,800	(1,045)	5,755	0	5,755
Total Undistributed Services - Other Support Services - Extra. Serv.	171,053	10,016	181,069	175,314	5,755
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	171,800	0	171,800	171,800	0
Salaries of Secretarial and Clerical Assistants	33,000	0	33,000	17,498	15,502
Other Purchased Services	2,000	0	2,000	33	1,967
Supplies and Materials	33,264	(110)	33,154	17,725	15,429
Other Objects	200	110	310	310	0
Total Undistributed Expenditures - Child Study Teams	240,264	0	240,264	207,366	32,898

**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund**

**For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	55,020	0	55,020	54,427	593
Salaries of Other Professional Staff	57,640	35,000	92,640	88,965	3,675
Salaries of Secretarial and Clerical Assistants	13,500	0	13,500	11,686	1,814
Other Purchased Professional and Technical Services	4,000	(938)	3,062	0	3,062
Other Purchased Services	3,889	937	4,826	1,133	3,693
Other Objects	600	0	600	388	212
<b>Total Undistributed Expenditures - Improv. of Instr. Services</b>	<b>134,649</b>	<b>34,999</b>	<b>169,648</b>	<b>156,599</b>	<b>13,049</b>
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	187,940	(70,000)	117,940	117,500	440
Salaries of Technology Coordinators	57,640	0	57,640	57,200	440
Purchased Professional and Technical Services	4,771	0	4,771	191	4,580
Supplies and Materials	231,433	(35,000)	196,433	58,616	137,817
Other Objects	200	0	200	50	150
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>481,984</b>	<b>(105,000)</b>	<b>376,984</b>	<b>233,557</b>	<b>143,427</b>
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	316,764	26,999	343,763	343,585	178
Salaries of Attorneys	3,900	(3,900)	0	0	0
Legal Services	35,000	11,200	46,200	46,150	50
Audit Fees	20,000	(4,500)	15,500	15,500	0
Engineering Services	0	6,250	6,250	6,250	0
Other Purchased Professional Services	5,000	(1,500)	3,500	2,527	973
Communications/Telephone	25,875	3,000	28,875	27,867	1,008
Other Purchased Services	10,700	(3,548)	7,152	6,199	953
General Supplies	11,150	(600)	10,550	10,268	282
BOE In-House Training/Meeting Supplies	0	600	600	136	464
Judgments Against the School District	0	35,000	35,000	35,000	0
Miscellaneous Expenditures	11,415	0	11,415	9,522	1,893
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>439,804</b>	<b>69,001</b>	<b>508,805</b>	<b>503,004</b>	<b>5,801</b>

**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund**

**For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	149,910	14,197	164,107	164,107	0
Salaries of Secretarial and Clerical Assistants	91,500	(32,500)	59,000	58,223	777
Other Purchased Services	500	25	525	72	453
Supplies and Materials	18,700	(11)	18,689	14,266	4,423
Other Objects	1,800	234	2,034	2,034	0
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>262,410</b>	<b>(18,055)</b>	<b>244,355</b>	<b>238,702</b>	<b>5,653</b>
Undistributed Expenditures - Central Services					
Salaries	130,437	0	130,437	129,886	551
Purchased Professional Services	6,000	(4,000)	2,000	0	2,000
Purchased Technical Services	400	0	400	0	400
Misc. Purchased Services	6,400	(460)	5,940	1,082	4,858
Supplies and Materials	14,000	(355)	13,645	12,664	981
Miscellaneous Expenditures	1,756	0	1,756	1,414	342
<b>Total Undistributed Expenditures - Central Services</b>	<b>158,993</b>	<b>(4,815)</b>	<b>154,178</b>	<b>145,046</b>	<b>9,132</b>
Undistributed Expenditures - Administration Information Technology					
Other Purchased Services	14,820	0	14,820	14,798	22
<b>Total Undistributed Expenditures - Administration Info Technology</b>	<b>14,820</b>	<b>0</b>	<b>14,820</b>	<b>14,798</b>	<b>22</b>
Undistributed Expenditures - Allowable Maintenance for School Facilities					
Cleaning Repairs and Maintenance Services	188,222	0	188,222	177,354	10,868
<b>Total Undistributed Expenditures - Allowable Maintenance for School Facilities</b>	<b>188,222</b>	<b>0</b>	<b>188,222</b>	<b>177,354</b>	<b>10,868</b>

**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund**

**For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Custodial Services					
Salaries of Non-Instructional Aides	17,300	0	17,300	5,225	12,075
Cleaning, Repair and Maintenance Services	792,047	(21,200)	770,847	696,475	74,372
Insurance	82,000	(2,780)	79,220	68,842	10,378
General Supplies	138,750	26,370	165,120	162,839	2,281
Heat and Electricity	21,425	0	21,425	21,425	0
Energy (Natural Gas)	124,000	18,000	142,000	126,421	15,579
Energy (Electricity)	318,000	(30,000)	288,000	77,129	210,871
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>1,493,522</b>	<b>(9,610)</b>	<b>1,483,912</b>	<b>1,158,356</b>	<b>325,556</b>
Undistributed Expenditures - Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	5,000	200	5,200	5,200	0
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>5,000</b>	<b>200</b>	<b>5,200</b>	<b>5,200</b>	<b>0</b>
Undistributed Expenditures - Security					
Purchased Professional and Technical Services	0	6,630	6,630	5,144	1,486
<b>Total Undistributed Expenditures - Security</b>	<b>0</b>	<b>6,630</b>	<b>6,630</b>	<b>5,144</b>	<b>1,486</b>
<b>Total Undistributed Expen - Oper &amp; Main of Plant Serv</b>	<b>1,686,744</b>	<b>(2,780)</b>	<b>1,683,964</b>	<b>1,346,054</b>	<b>337,910</b>
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transp. (Between Home and School)-Spec Ed	32,403	430	32,833	32,790	43
Cleaning, Repair and Maintenance Service	1,000	(150)	850	185	665
Contracted Services - (Other than Between Home and School) - Vendors	26,150	3,790	29,940	17,894	12,046
Contracted Services - (Between Home and School) - Joint Agmnts	170,978	23,437	194,415	194,415	0
Contracted Services (Special Ed Students) - Joint Agreements	66,640	(28,002)	38,638	22,574	16,064
Contracted Services - Aid in Lieu of Payments Non Public	48,442	0	48,442	28,254	20,188
Supplies and Materials	500	0	500	357	143
Transportation Supplies	500	0	500	7	493
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>346,613</b>	<b>(495)</b>	<b>346,118</b>	<b>296,476</b>	<b>49,642</b>

**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Unallocated Benefits:					
Social Security Contributions	110,000	0	110,000	74,853	35,147
Other Retirement Contributions - Regular	112,152	(28,215)	83,937	83,934	3
Workmen's Compensation	86,237	(3,005)	83,232	76,732	6,500
Health Benefits	1,212,773	0	1,212,773	1,180,230	32,543
Tuition Reimbursements	35,000	0	35,000	12,936	22,064
Other Employee Benefits	23,578	113,368	136,946	136,668	278
<b>Total Unallocated Benefits</b>	<b>1,579,740</b>	<b>82,148</b>	<b>1,661,888</b>	<b>1,565,353</b>	<b>96,535</b>
On-behalf TPAF Pension Contributions (non-budgeted)				307,471	(307,471)
Reimbursed TPAF Social Security Contributions (non-budgeted)				373,259	(373,259)
<b>Total On-behalf Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>680,730</b>	<b>(680,730)</b>
Total Undistributed Expenditures	8,869,054	82,781	8,951,835	8,915,444	36,391
<b>Total Current Expense</b>	<b>13,474,878</b>	<b>(1,377)</b>	<b>13,473,501</b>	<b>13,135,882</b>	<b>337,619</b>
<b>Capital Outlay:</b>					
Equipment:					
Grades 1-5	0	18,805	18,805	18,805	0
Grades 6-8	0	30,088	30,088	30,088	0
Undistributed Expenditures:					
Support Services - Instructional Staff	73,000	(48,893)	24,107	15,044	9,063
Total Equipment	73,000	0	73,000	63,937	9,063
<b>Total Capital Outlay</b>	<b>73,000</b>	<b>0</b>	<b>73,000</b>	<b>63,937</b>	<b>9,063</b>
Transfers to Charter Schools	67,022	1,377	68,399	63,017	5,382
<b>Total Expenditures</b>	<b>13,614,900</b>	<b>0</b>	<b>13,614,900</b>	<b>13,262,836</b>	<b>352,064</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,743,329)	0	(1,743,329)	(790,732)	952,597

**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund**

**For the Fiscal Year Ended June 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Other Financing Sources (Uses):					
Operating Transfers Out:					
Cancellation of prior year purchase orders				12,730	12,730
Transfer to Food Service Fund - Board Contribution	(90,018)	0	(90,018)	(83,717)	6,301
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,833,347)	0	(1,833,347)	(861,719)	971,628
Fund Balances, July 1	2,572,431		2,572,431	2,572,431	0
Fund Balances, June 30	739,084	0	739,084	1,710,712	971,628
Recapitulation of Fund Balance:					
Reserve for Encumbrances				7,392	
Excess Surplus				547,092	
Excess Surplus-Designated for Subsequent Year's Expenditures				175,056	
Designated for Subsequent Year's Expenditures				727,856	
Unrestricted Fund Balance				253,316	
				1,710,712	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment Not Recognized on GAAP Basis				(70,383)	
Fund Balance per Governmental Funds (GAAP)				\$1,640,329	

**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, 2010**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	\$0	47,075	47,075	27,669	(19,406)
Total - Local Sources	0	47,075	47,075	27,669	(19,406)
Federal Sources:					
Title I	30,940	37,753	68,693	36,809	(31,884)
I.D.E.A., Part B	142,878	156,822	299,700	239,471	(60,229)
Other	23,123	18,313	41,436	34,366	(7,070)
Total - Federal Sources	196,941	212,888	409,829	310,646	(99,183)
<b>Total Revenues</b>	<b>196,941</b>	<b>259,963</b>	<b>456,904</b>	<b>338,315</b>	<b>(118,589)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	0	103,505	103,505	70,886	32,619
Other Salaries for Instruction	0	6,948	6,948	3,452	3,496
Purchased Professional and Technical Services	1,027	5,982	7,009	2,937	4,072
Other Purchased Services (400-500 series)	137,768	3,042	140,810	124,902	15,908
General Supplies	5,561	43,186	48,747	27,525	21,222
<b>Total instruction</b>	<b>144,356</b>	<b>162,663</b>	<b>307,019</b>	<b>229,702</b>	<b>77,317</b>

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, 2010

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Support Services					
Salaries of Teachers	0	41,505	41,505	27,604	13,901
Salaries of Other Professional Staff	30,940	(9,874)	21,066	11,066	10,000
Personal Services - Employee Benefits	0	22,810	22,810	18,710	4,100
Purchased Professional and Technical Services	21,645	37,660	59,305	46,829	12,476
Supplies and Materials	0	5,199	5,199	4,404	795
<b>Total support services</b>	<b>52,585</b>	<b>97,300</b>	<b>149,885</b>	<b>108,613</b>	<b>41,272</b>
<b>Facilities acquisition and construction services:</b>					
Instructional Equipment	0	0	0	0	0
<b>Total facilities acquisition and construction services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total expenditures</b>	<b>196,941</b>	<b>259,963</b>	<b>456,904</b>	<b>338,315</b>	<b>118,589</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$0	0	0	0	0

City of Margate School District  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2010

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

		General Fund	Special Revenue
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	\$12,472,104	338,315
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			0
Current Year			0
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
		81,307	0
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
		(70,383)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	12,483,028	338,315
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	13,262,836	338,315
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			0
Current Year			0
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$13,262,836	338,315

**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, 2010**

	No Child Left Behind						
	Carryover Title I Part A	Title I Part A ARRA	Teacher & Principals Training Title II - Part A	Carryover Teacher & Principals Training Title II - Part A	Carryover Enhancing Education Through Technology Title II - Part D	Title IV Safe and Drug Free Schools	REBEL II
<b>REVENUES:</b>							
Federal Sources	\$6,617	11,622	21,334	11,300	207	500	1,025
Local Sources							
<b>Total revenues</b>	<b>6,617</b>	<b>11,622</b>	<b>21,334</b>	<b>11,300</b>	<b>207</b>	<b>500</b>	<b>1,025</b>
<b>EXPENDITURES</b>							
Instruction:							
Salaries of teachers							
Other salaries for instruction	13,586					500	
Purchased prof. and technical services					207		
Other purchased services	4,082						1,025
General supplies							
<b>Total instruction</b>	<b>4,082</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>207</b>	<b>500</b>	<b>1,025</b>
Support services:							
Salaries of teachers							
Salaries of other professional staff	1,039	11,066					
Personal services- employee benefits	1,496	205					
Purchased professional & technical services			21,334	11,300			
Supplies and materials		351					
<b>Total support services</b>	<b>2,535</b>	<b>11,622</b>	<b>21,334</b>	<b>11,300</b>	<b>0</b>	<b>0</b>	<b>0</b>
Facilities acquisition and const. serv.:							
Instructional equipment							
<b>Total facilities acquisition and construction services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfer to Charter Schools							
<b>Total expenditures</b>	<b>\$6,617</b>	<b>11,622</b>	<b>21,334</b>	<b>11,300</b>	<b>207</b>	<b>500</b>	<b>1,025</b>
Excess (Deficiency) of Revenues Over (Under) Expenditure	0	0	0	0	0	0	0

**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, 2010**

	I.D.E.A. Part - B Basic	Carryover I.D.E.A. Part - B Basic	I.D.E.A. Part - B ARRA	Total Federal Projects	NJ Agricultural Society Learning Through Gardening	Municipal Alliance	Bloom Community Center	Total Local Projects	Total
<b>REVENUES:</b>									
Federal Sources	124,902	5,549	109,020	310,646		23,709	3,833	0	310,646
Local Sources			0	0	127			27,669	27,669
<b>Total revenues</b>	<b>124,902</b>	<b>5,549</b>	<b>109,020</b>	<b>310,646</b>	<b>127</b>	<b>23,709</b>	<b>3,833</b>	<b>27,669</b>	<b>338,315</b>
<b>EXPENDITURES</b>									
Instruction:									
Salaries of teachers			56,800	70,886		3,452		0	70,886
Other salaries for instruction			0	0		2,730		3,452	3,452
Purchased prof. and technical services				207				2,730	2,937
Other purchased services	124,902			124,902				0	124,902
General supplies				9,871	127	17,527		17,654	27,525
<b>Total instruction</b>	<b>124,902</b>	<b>0</b>	<b>56,800</b>	<b>205,866</b>	<b>127</b>	<b>23,709</b>	<b>0</b>	<b>23,836</b>	<b>229,702</b>
Support services:									
Salaries of teachers			27,604	27,604				0	27,604
Salaries of other professional staff				11,066				0	11,066
Personal services- employee benefits			17,466	18,710				0	18,710
Purchased professional & technical services		5,549	7,150	46,829				0	46,829
Supplies and materials				571			3,833	3,833	4,404
<b>Total support services</b>	<b>0</b>	<b>5,549</b>	<b>52,220</b>	<b>104,780</b>	<b>0</b>	<b>0</b>	<b>3,833</b>	<b>3,833</b>	<b>108,613</b>
Facilities acquisition and const. serv.:									
Instructional equipment				0				0	0
<b>Total facilities acquisition and construction services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfer to Charter Schools									
<b>Total expenditures</b>	<b>124,902</b>	<b>5,549</b>	<b>109,020</b>	<b>310,646</b>	<b>127</b>	<b>23,709</b>	<b>3,833</b>	<b>27,669</b>	<b>338,315</b>
Excess (Deficiency) of Revenues Over (Under) Expenditure	0	0	0	0	0	0	0	0	0

**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 Assets**  
**June 30, 2010**

	Student Activity	Payroll Agency	Unemployment Compensation	Scholarship	2010
	Expendable Trusts				
<b>ASSETS:</b>					
Cash and cash equivalents	\$6,422	3,578	89,926	2,883	102,809
<b>Total Assets</b>	<b>6,422</b>	<b>3,578</b>	<b>89,926</b>	<b>2,883</b>	<b>102,809</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Payroll deductions and withholdings Due to student groups	6,422	3,578			3,578 6,422
<b>Total Liabilities</b>	<b>6,422</b>	<b>3,578</b>	<b>0</b>	<b>0</b>	<b>10,000</b>
<b>Fund Balances:</b>					
Unreserved			89,926	2,883	92,809
<b>Total liabilities and fund balances</b>	<b>\$6,422</b>	<b>3,578</b>	<b>89,926</b>	<b>2,883</b>	<b>102,809</b>

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2010**

	Unemployment Trust	Scholarship Trust	Total 2010	Total 2009
<b>OPERATING REVENUES:</b>				
Local Sources:				
Deductions from Employees' Salaries	\$9,246		9,246	8,937
Interest on Investments	1,439	30	1,469	1,454
Total Operating Revenues	10,685	30	10,715	10,391
<b>OPERATING EXPENDITURES:</b>				
Unemployment Compensation Insurance Claims	19,669		19,669	613
Scholarships awarded		100	100	200
Total Operating Expenditures	19,669	100	19,769	813
Excess of Revenues over Expenditures	(8,984)	(70)	(9,054)	9,578
Fund Balance, July 1	98,910	2,953	101,863	92,285
Fund Balance, June 30	\$89,926	2,883	92,809	101,863

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

H-3

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<b>ASSETS:</b>				
Cash and cash equivalents	\$4,263	15,613	13,454	6,422
Total assets	4,263	15,613	13,454	6,422
<b>LIABILITIES:</b>				
Due to Student groups	4,263	15,613	13,454	6,422
Total liabilities	\$4,263	15,613	13,454	6,422

**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, 2010**

H-4

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<b>ASSETS:</b>				
Cash and cash equivalents	\$4,071	2,799,599	2,800,092	3,578
Total assets	4,071	2,799,599	2,800,092	3,578
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	4,071	2,799,599	2,800,092	3,578
Total liabilities	\$4,071	2,799,599	2,800,092	3,578

## **Statistical Section**

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. Effective with the fiscal year ended June 30, 2003, the District's financial statements are presented in accordance with GASB 34. As a result, 10 years of information may not be available to report.

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**CITY OF MARGATE SCHOOL DISTRICT**  
**Net Assets by Component,**  
**Last Eight Fiscal Years**  
*Unaudited*

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	22,791,304	22,102,389	21,466,166	24,067,654	22,873,625	22,034,346	22,140,761	20,958,527
Restricted	321,335	255,521	598,256	1,537,772	2,001,317	2,476,616	2,283,403	1,457,396
Unrestricted	142,476	274,465	(298,930)	(489,673)	(645,894)	(842,923)	(1,176,543)	(223,275)
<b>Total governmental activities net assets</b>	<u>23,255,115</u>	<u>22,632,375</u>	<u>21,765,492</u>	<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>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	7,557	6,372	2,325	1,631	1,056	480	-	-
Unrestricted	43,089	5,197	10,583	(8,309)	(71,336)	(65,799)	28,728	20,601
<b>Total business-type activities net assets</b>	<u>50,646</u>	<u>11,569</u>	<u>12,908</u>	<u>(6,678)</u>	<u>(70,280)</u>	<u>(65,319)</u>	<u>28,728</u>	<u>20,601</u>
<b>District-wide</b>								
Invested in capital assets, net of related debt	22,798,861	22,108,761	21,468,491	24,069,285	22,874,681	22,034,826	22,140,761	20,958,527
Restricted	321,335	255,521	598,256	1,537,772	2,001,317	2,476,616	2,283,403	1,457,396
Unrestricted	185,565	279,662	(288,347)	(497,982)	(717,230)	(908,722)	(1,147,815)	(202,674)
<b>Total district net assets</b>	<u>23,305,761</u>	<u>22,643,944</u>	<u>21,778,400</u>	<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>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2003. Based on this, only eight years of information is presented.

Source: CAFR Schedule A-1

**CITY OF MARGATE SCHOOL DISTRICT**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*Unaudited*

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities								
Instruction								
Regular	4,023,638	4,236,387	4,176,253	4,478,263	4,720,511	4,643,439	4,874,372	4,560,458
Special education	533,384	403,974	397,287	416,426	447,222	458,167	488,094	507,067
Other special education	249,128	249,032	273,527	284,320	287,930	280,168	285,220	248,047
Other instruction	386,813	376,778	322,103	385,964	476,225	447,281	84,001	91,501
Nonpublic school programs	59,491	70,399	52,347	51,245	69,505	55,575	-	-
Support Services:								
Tuition	1,604,712	2,312,547	2,733,253	3,051,627	3,302,188	3,334,576	3,692,629	3,583,924
Student & instruction related services	1,334,284	1,018,476	1,156,149	1,146,553	1,444,039	1,506,205	1,684,932	1,645,461
General administrative services	634,961	687,659	630,256	589,327	702,743	306,158	784,398	290,416
School administrative services	377,319	370,897	301,835	271,242	319,616	681,137	308,039	788,359
Administrative information technology					13,704	17,806	18,188	17,935
Plant operations and maintenance	1,553,230	1,811,708	2,009,107	1,987,566	2,176,415	1,894,325	1,627,141	1,702,436
Pupil transportation	250,072	312,310	332,587	342,127	365,333	364,106	425,262	369,727
Capital outlay			16,423		21,951			
Total governmental activities expenses	11,007,032	11,850,167	12,401,127	13,004,660	14,347,382	13,988,943	14,272,276	13,805,329
Business-type activities:								
Food Service	135,054	142,821	139,539	141,646	149,185	155,445	167,474	103,335
Community Service Programs	150,970	137,165	187,773	239,481	281,618	247,365	602,470	296,101
Total business-type activities expense	286,024	279,986	327,312	381,127	430,803	402,810	769,944	399,436
Total district expenses	11,293,056	12,130,153	12,728,439	13,385,787	14,778,185	14,391,753	15,042,220	14,204,765
<b>Program Revenues</b>								
Governmental activities:								
Charges for service	507,944	547,913	674,366	756,441	791,419	822,310	921,101	902,276
Operating grants and contributions	920,703	1,019,384	1,027,192	1,095,929	1,447,204	1,470,246	962,558	1,019,045
Total governmental activities program revenues	1,428,647	1,567,297	1,701,558	1,852,370	2,238,623	2,292,556	1,883,659	1,921,321
Business-type activities:								
Charges for services								
Food Service	32,470	40,653	39,777	36,027	32,898	28,353	29,283	35,363
Community Service Programs	162,202	108,130	191,653	221,620	239,864	249,374	700,986	252,130
Operating grants and contributions	21,139	20,789	19,934	20,488	17,111	19,314	20,964	19,882
Total business type activities program revenues	215,811	169,572	251,364	278,135	289,873	297,041	751,233	307,375
Total district program revenues	1,644,458	1,736,869	1,952,922	2,130,505	2,528,496	2,589,597	2,634,892	2,228,696

**CITY OF MARGATE SCHOOL DISTRICT**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*Unaudited*

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Net (Expense)/Revenue</b>								
Governmental activities	(9,578,385)	(10,282,870)	(10,699,569)	(11,152,290)	(12,108,759)	(11,696,387)	(12,388,617)	(11,884,008)
Business-type activities	(70,213)	(110,414)	(75,948)	(102,992)	(140,930)	(105,769)	(18,711)	(92,061)
Total district-wide net expense	<u>(9,648,598)</u>	<u>(10,393,284)</u>	<u>(10,775,517)</u>	<u>(11,255,282)</u>	<u>(12,249,689)</u>	<u>(11,802,156)</u>	<u>(12,407,328)</u>	<u>(11,976,069)</u>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Property taxes levied for general purposes, net	8,295,369	8,695,369	8,814,543	10,065,488	10,173,118	10,173,118	10,173,118	9,987,118
Unrestricted grants and contributions	735,009	849,987	876,370	909,246	882,774	914,371	907,965	697,421
Investment earnings	22,041	22,041	33,873	70,284	107,930	73,291	40,293	33,818
Miscellaneous income	121,183	97,740	95,201	99,363	134,942	85,640	3,956	181,665
Funds received from the City of Margate		66,183	89,844					
Schools Construction Corporation				1,415,016				
State of New Jersey, Board of Public Utilities				2,026,333				
Special items								
Transfers	(77,712)	(71,190)	(77,145)	(83,180)	(95,435)	(111,042)	3,832	12,730
Total governmental activities	<u>9,095,890</u>	<u>9,660,130</u>	<u>9,832,686</u>	<u>14,502,550</u>	<u>11,203,329</u>	<u>11,135,378</u>	<u>(112,613)</u>	<u>(83,717)</u>
Business-type activities:								
Investment earnings	168	147	142	226	618	198	145	217
Transfers	77,712	71,190	77,145	83,180	95,435	111,042	112,613	83,717
Total business-type activities	<u>77,880</u>	<u>71,337</u>	<u>77,287</u>	<u>83,406</u>	<u>96,053</u>	<u>111,240</u>	<u>112,758</u>	<u>83,934</u>
Total district-wide	<u>9,173,770</u>	<u>9,731,467</u>	<u>9,909,973</u>	<u>14,585,956</u>	<u>11,299,382</u>	<u>11,246,618</u>	<u>11,129,309</u>	<u>10,912,969</u>
<b>Change in Net Assets</b>								
Governmental activities	(482,495)	(622,740)	(866,883)	3,350,260	(905,430)	(561,009)	(1,372,066)	(1,054,973)
Business-type activities	7,667	(39,077)	1,339	(19,586)	(44,877)	5,471	94,047	(8,127)
Total district	<u>(474,828)</u>	<u>(661,817)</u>	<u>(865,544)</u>	<u>3,330,674</u>	<u>(950,307)</u>	<u>(555,538)</u>	<u>(1,278,019)</u>	<u>(1,063,100)</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2003. Based on this, only eight years of information is presented.

Source: CAFR Schedule A-2

**CITY OF MARGATE SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds,**  
**Last Eight Fiscal Years**  
*Unaudited*

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	560,105	502,597	560,105	1,537,772	2,001,317	2,476,616	2,283,403	1,457,396
Unreserved	821,310	806,060	821,310	200,960	222,614	225,220	207,721	182,933
Total general fund	<u>1,381,415</u>	<u>1,308,657</u>	<u>1,381,415</u>	<u>1,738,732</u>	<u>2,223,931</u>	<u>2,701,836</u>	<u>2,491,124</u>	<u>1,640,329</u>
All Other Governmental Funds								
Reserved								
Unreserved, reported in:								
Special revenue fund	(2,676)	(1,109)	(2,676)	(1,109)	(1,109)	(1,109)	-	-
Total all other governmental funds	<u>(2,676)</u>	<u>(1,109)</u>	<u>(2,676)</u>	<u>(1,109)</u>	<u>(1,109)</u>	<u>(1,109)</u>	<u>-</u>	<u>-</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2003. Based on this, only eight years of information is presented

Source: CAFR Schedule B-1

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

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>								
Tax levy	8,295,369	8,695,369	8,814,543	10,065,488	10,173,118	10,173,118	10,173,118	9,987,118
Tuition charges	507,944	547,913	674,366	756,441	791,419	822,310	921,101	902,276
Interest earnings	22,041	20,299	33,873	70,284	107,930	73,291	40,293	33,818
Miscellaneous	121,183	99,484	95,201	99,363	134,942	85,640	3,956	181,665
Local sources	17,376	18,928	23,589	19,290	55,745	98,823	70,685	27,669
State sources	1,381,289	1,566,577	1,601,117	1,740,001	1,992,247	2,010,726	1,561,634	1,378,151
Federal sources	257,047	283,866	278,856	255,363	281,985	275,066	238,203	310,646
<b>Total revenue</b>	<b>10,602,249</b>	<b>11,232,436</b>	<b>11,521,545</b>	<b>13,006,230</b>	<b>13,537,386</b>	<b>13,538,974</b>	<b>13,008,990</b>	<b>12,821,343</b>
<b>Expenditures</b>								
Instruction								
Regular instruction	3,336,259	3,501,315	3,326,526	3,724,600	3,524,097	3,535,494	3,852,547	3,757,746
Special education instruction	371,836	320,117	301,347	314,132	331,302	351,422	377,386	417,950
Other special instruction	211,764	194,971	209,357	228,481	212,028	216,183	221,675	203,766
Other instruction	295,373	289,185	299,637	306,876	345,391	340,432	61,018	70,678
Nonpublic school programs	59,491	70,399	52,347	51,245	69,505	55,575	-	-
Support Services:								
Tuition	1,344,778	1,785,900	1,976,926	2,294,753	2,309,581	2,448,833	2,777,429	2,892,861
Student & instruction related services	837,498	814,503	909,229	921,043	1,066,386	1,167,289	1,311,368	1,341,033
General administrative services	551,805	542,714	473,367	455,801	507,300	519,687	611,383	648,050
School Administrative services	289,306	295,102	232,409	216,516	233,993	232,374	240,961	238,702
Administrative Information Technology					10,174	13,680	14,228	14,798
Plant operations and maintenance	1,339,685	1,450,456	1,549,618	1,588,408	1,552,958	1,403,395	1,188,993	1,346,054
Pupil transportation	210,996	246,424	255,981	267,644	263,575	269,098	332,016	296,476
Unallocated employee benefits	1,392,676	1,603,374	1,712,861	1,902,251	2,292,621	2,286,656	1,939,389	2,246,083
Charter Schools	30,471	61,264	144,999	129,715	117,897	82,068	100,678	63,017
Capital outlay	264,386	122,896	135,769	3,486,730	119,944	27,841	80,741	63,937
<b>Total expenditures</b>	<b>10,536,324</b>	<b>11,298,620</b>	<b>11,580,373</b>	<b>15,888,195</b>	<b>12,956,752</b>	<b>12,950,027</b>	<b>13,109,812</b>	<b>13,601,151</b>
Excess (Deficiency) of revenues over (under) expenditures	65,925	(66,184)	(58,828)	(2,881,965)	580,634	588,947	(100,822)	(779,808)

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

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Other Financing sources (uses)</b>								
City of Margate	218,012	66,183	89,844	1,415,016				
Schools Construction Corporation				2,026,333				
State of NJ, Board of Public Utilities								
Cancellation of prior year purchase orders							101	12,730
Transfers out	(67,189)	(71,190)	(77,145)	(83,180)	(93,435)	(111,042)	(112,613)	(83,717)
Total other financing sources (uses)	<u>150,823</u>	<u>(5,007)</u>	<u>12,699</u>	<u>3,358,169</u>	<u>(93,435)</u>	<u>(111,042)</u>	<u>(112,512)</u>	<u>(70,987)</u>
Net change in fund balances	<u>216,748</u>	<u>(71,191)</u>	<u>(46,129)</u>	<u>476,204</u>	<u>487,199</u>	<u>477,905</u>	<u>(213,334)</u>	<u>(850,795)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The District converted to GASB 34 effective with the fiscal year ended June 30, 2003. Based on this, only eight years of information is presented.

Source: CAFR Schedule B-2

**CITY OF MARGATE SCHOOL DISTRICT**  
**General Fund Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Community Services	Rentals	Energy Credits (A)	Prior Year Refunds	Misc.	Total
2001	95,692	344,230	117,886	1,200		42,183	1,893	603,084
2002	26,393	399,005	113,825	3,500		42,016	2,151	586,890
2003	22,041	507,944	116,507	3,000			1,676	651,168
2004	20,299	547,913	94,540	3,000			16,528	682,280
2005	33,873	674,366	92,783	1,160			1,258	803,440
2006	70,284	763,747	91,183	685			189	926,088
2007	107,930	791,419	81,011			53,644	287	1,034,291
2008	73,291	822,310	84,340	175			1,125	981,241
2009	40,293	921,101		1,800			2,156	965,350
2010	33,818	902,276		3,350	145,878		32,437	1,117,759

(A) - effective with the June 2010 sale, the District changed their method of treating the sale of the solar renewal energy credits. Previous to this sale, it was the policy of the District to refund the budget appropriation line item for the amount of revenue received. It is now the policy of the District to treat the funds received as revenue.

Source: District Records

**CITY OF MARGATE SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2001	21,756,700	1,189,702,000			63,390,400	11,036,000	11,036,000	1,285,885,100	-	1,280,440	1,287,165,540	0.564	1,397,877,433
2002	21,821,000	1,203,219,900			61,407,000	10,684,800	10,684,800	1,297,132,700	-	1,176,978	1,298,309,678	0.605	1,510,892,212
2003	24,723,900	1,214,160,000			59,481,800	10,633,800	10,633,800	1,308,999,500	-	1,113,532	1,310,113,032	0.633	1,676,193,746
2004	22,181,800	1,243,330,400			57,211,100	6,152,100	6,152,100	1,328,875,400	-	870,704	1,329,746,104	0.654	2,116,419,074
2005	88,172,700	3,084,114,800			90,992,300	9,492,500	9,492,500	3,272,772,300	-	1,298,221	3,274,070,521	0.269	2,578,008,284
2006	66,234,400	3,146,143,700			87,519,500	7,984,300	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	8,149,300	3,360,431,100	-	1,056,150	3,361,487,250	0.303	3,817,268,191
2008	50,002,800	3,258,966,500			90,548,900	7,269,200	7,269,200	3,406,787,400	-	1,089,306	3,407,846,706	0.299	4,036,298,361
2009	47,591,600	3,289,114,700			90,781,000	6,712,000	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	6,712,000	3,455,724,000	-	1,082,629	3,456,806,629	0.289	4,190,068,641

Source: District records Tax list summary & Municipal Tax Assessor

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

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

**b** Tax rates are per \$100

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

**CITY OF MARGATE SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Rate per \$100 of Assessed Value**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	City of Margate Board of Education				Total Direct	City of Margate	Atlantic County	Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>						
2001	0.587	0.090	0.677	0.949	0.533	2.159		
2002	0.622	0.101	0.723	0.978	0.546	2.247		
2003	0.648	0.113	0.762	0.994	0.578	2.334		
2004	0.658	0.111	0.769	1.067	0.670	2.506		
2005	0.288	0.045	0.333	0.496	0.295	1.124		
2006	0.306	0.045	0.351	0.530	0.323	1.204		
2007	0.303	0.044	0.347	0.518	0.315	1.180		
2008	0.299	0.044	0.343	0.561	0.306	1.210		
2009	0.293	0.043	0.336	0.581	0.330	1.247		
2010	0.297	0.043	0.340	0.592	0.346	1.278		

\* Revaluation of properties effective for the 2005 tax year

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.

**CITY OF MARGATE SCHOOL DISTRICT**  
**Principal Property Tax Payers,**  
**Current Year and Nine Years Ago**  
*Unaudited*

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Taxpayer #1	6,449,400	1	0.19%	3,397,900	1	0.26%
Taxpayer #2	4,550,700	2	0.13%	2,247,000	2	0.17%
Taxpayer #3	4,542,400	3	0.13%	1,596,000	3	0.12%
Samanda Properties, LLC	4,539,100	4	0.13%			
Taxpayer #4	4,539,100	5	0.13%	1,585,500	4	0.12%
Margate Partners, LLC	4,348,600	6	0.13%			
J. Peterson & M. Deninger	4,075,700	7	0.12%			
Taxpayer #5	3,740,900	8	0.11%	1,443,500	6	0.11%
Taxpayer #6	3,511,400	9	0.10%	1,422,000	7	0.11%
Center Point Plaza @ Turchi	3,432,400	10	0.10%			
Margate Bridge Company				1,554,300	5	0.12%
Holy Name Providence				1,391,500	8	0.11%
Taxpayer #7				1,366,300	9	0.11%
JJM Trust				1,238,500	10	0.10%
<b>Total</b>	<b>43,729,700</b>		<b>1.27%</b>	<b>17,242,500</b>		<b>1.34%</b>

Total Assessed Value

3,456,806,629

1,287,165,540

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

**CITY OF MARGATE SCHOOL DISTRICT**  
**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	
2001	7,255,369	7,255,369	100%	-
2002	7,855,369	7,855,369	100%	-
2003	8,295,369	8,295,369	100%	-
2004	8,695,369	8,695,369	100%	-
2005	8,814,543	8,814,543	100%	-
2006	10,065,488	10,065,488	100%	-
2007	10,173,118	10,173,118	100%	-
2008	10,173,118	10,173,118	100%	-
2009	10,173,118	10,173,118	100%	-
2010	9,987,118	9,987,118	100%	-

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**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Business-Type Activities			
2001	24,800,000	-	525,000	-	-	-	25,325,000	0.01%	3,082
2002	24,540,000	-	430,310	-	-	-	24,970,310	0.01%	3,027
2003	24,484,500	-	330,725	-	-	-	24,815,225	0.01%	2,991
2004	18,440,000	-	225,991	-	-	-	18,665,991	0.01%	2,187
2005	17,815,000	-	115,843	-	-	-	17,930,843	0.01%	2,092
2006	16,465,000	-	-	-	-	-	16,465,000	0.01%	1,931
2007	15,740,000	-	-	-	-	-	15,740,000	0.01%	1,850
2008	14,965,000	-	-	-	-	-	14,965,000	0.01%	1,762
2009	14,165,000	-	-	-	-	-	14,165,000	0.01%	1,662
2010	13,035,000	-	-	-	-	-	13,035,000	0.01%	1,529

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

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

**CITY OF MARGATE SCHOOL DISTRICT**  
**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 <sup>a</sup> of Property	Per Capita <sup>b</sup>	
2001	24,800,000	-	24,800,000	1.93%	3,019	
2002	24,540,000	-	24,540,000	1.89%	2,975	
2003	24,484,500	-	24,484,500	1.87%	2,951	
2004	18,440,000	-	18,440,000	1.39%	2,161	
2005	17,815,000	-	17,815,000	0.54%	2,078	
2006	16,465,000	-	16,465,000	0.50%	1,931	
2007	15,740,000	-	15,740,000	0.47%	1,846	
2008	14,965,000	-	14,965,000	0.44%	1,759	
2009	14,165,000	-	14,165,000	0.41%	1,668	
2010	13,035,000	-	13,035,000	0.38%	1,529	

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

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.

**CITY OF MARGATE SCHOOL DISTRICT**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2010**  
*Unaudited*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
City of Margate	43,185,676	100.00%	43,185,676
Atlantic County	118,639,000	7.42%	8,802,870
<b>Other debt</b>			
None			
Subtotal, overlapping debt			51,988,546
<b>City of Margate School District debt</b>	13,035,000	100.00%	13,035,000
<b>Total direct and overlapping debt</b>			\$65,023,546

**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**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**  
*Unaudited*

<b>Legal Debt Margin Calculation for Fiscal Year 2010</b>										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	38,953,179	42,142,085	46,649,873	53,572,773	63,828,277	78,418,578	95,148,552	109,276,149	118,659,735	121,843,280
Total net debt applicable to limit	24,800,000	24,540,000	24,484,500	18,440,000	17,815,000	16,465,000	15,740,000	14,965,000	14,165,000	13,035,000
Legal debt margin	14,153,179	17,602,085	22,165,373	35,132,773	46,013,277	61,953,578	79,408,552	94,311,149	104,494,735	108,808,280
Total net debt applicable to the limit as a percentage of debt limit	63.67%	58.23%	52.49%	34.42%	27.91%	21.00%	16.54%	13.69%	11.94%	10.70%

Average equalized valuation of taxable property	
2009	4,074,750,000
2008	4,129,439,273
2007	3,980,138,695
	<u>12,184,327,968</u>
	4,061,442,656

Equalized valuation basis	
2009	4,074,750,000
2008	4,129,439,273
2007	3,980,138,695
	<u>12,184,327,968</u>
	4,061,442,656

Debt limit (3% of average)	
Net bonded school debt	121,843,280
Legal debt margin	13,035,000
	<u>108,808,280</u>

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

**CITY OF MARGATE SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
*Unaudited*

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2001	8,216	265,664	32,335	3.30%
2002	8,249	270,988	32,851	4.10%
2003	8,296	278,936	33,623	4.30%
2004	8,535	295,917	34,671	3.70%
2005	8,572	307,100	35,826	4.60%
2006	8,527	317,153	37,194	5.10%
2007	8,509	328,047	38,553	5.10%
2008	8,494	338,358	39,835	5.10%
2009	8,524	339,554	39,835	6.40%
2010	8,524	339,554	39,835	11.40%

**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, April 2010

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

**CITY OF MARGATE SCHOOL DISTRICT**  
**Principal Employers,**  
**Current Year and Nine Years Ago**  
*Unaudited*

Employer	2010			2001		
	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**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Eight Fiscal Years**  
*Unaudited*

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction								
Regular	33.00	32.00	30.00	31.00	31.00	33.00	35.00	44.50
Special education	10.00	11.00	11.00	10.00	10.00	9.00	9.00	8.50
Other special education	15.00	15.00	18.00	18.00	14.00	11.00	11.00	5.50
Other instruction	3.00	3.00	3.00	3.00	4.00	5.00	5.00	3.50
Support Services:								
Student & instruction related services	22.00	21.00	21.00	21.00	21.00	21.00	21.00	23.50
General administrative services	7.00	7.00	7.00	8.00	8.00	10.00	9.00	6.50
School administrative services	9.00	7.00	7.00	7.00	7.00	6.00	5.00	3.50
Plant operations and maintenance	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.50
Food Service	12.00	9.00	10.00	10.00	11.00	11.00	11.00	4.00
<b>Total</b>	<b>113.00</b>	<b>107.00</b>	<b>109.00</b>	<b>110.00</b>	<b>107.00</b>	<b>107.00</b>	<b>107.00</b>	<b>101.00</b>

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

**Source: District Personnel Records**

**CITY OF MARGATE SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Intermediate School	Middle School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	609	9,700,994	15,929	13.53%	74	11.0:1		10.0:1	611	581	-2.08%	95.09%
2002	614	9,774,081	15,919	-0.07%	68	10.5:1		09.4:1	600	580	-1.80%	96.67%
2003	584	10,352,280	17,727	11.36%	69	09.9:1	11.6:1	11.1:1	586	556	-2.33%	94.88%
2004	587	11,246,914	19,160	8.09%	70	10.0:1	10.9:1	09.4:1	587	552	0.17%	94.04%
2005	573	11,657,518	20,345	6.18%	69	09.3:1	10.0:1	10.7:1	572	543	-2.56%	94.93%
2006	585	15,971,375	27,301	34.19%	67	10.3:1	12.9:1	10.5:1	584	552	2.10%	94.52%
2007	593	12,863,317	21,692	-20.55%	67	10.7:1	9.1:1	9.3:1	571	546	-2.23%	95.62%
2008	548	12,838,985	23,429	8.01%	60	12.1:1	12.7:1	10.3:1	541	508	-5.31%	94.03%
2009	609	12,997,199	21,342	-8.91%	57	10.9:1	9.9:1	8.3:1	588	553	8.75%	94.05%
2010	576	13,517,434	23,468	9.96%	61	8.4:1	7.5:1	7.3:1	575	533	-2.21%	92.70%

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**  
**School Building Information**  
**Last Nine Fiscal Years**  
*Unaudited*

<u>District Building</u>	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Union Avenue Elementary School (B)</b>									
Square Feet	48,369	48,369	48,369	48,369	48,369	48,369	48,369	48,369	48,369
Capacity (students) (A)	227	227	227	227	227	227	227	227	227
Enrollment	187	178	184	186	225	225	204	231	203
<b>William H. Ross Middle School</b>									
Square Feet	79,487	79,487	79,487	79,487	79,487	79,487	79,487	79,487	79,487
Capacity (students) (A)	232	232	232	232	232	232	232	232	232
Enrollment	197	202	199	190	184	184	175	189	175
<b>Eugene A. Tighe Middle School</b>									
Square Feet	87,718	87,718	87,718	87,718	87,718	87,718	87,718	87,718	87,718
Capacity (students) (A)	237	237	237	237	237	237	237	237	237
Enrollment	220	209	214	198	195	184	169	189	198

Number of Schools at June 30, 2010  
 Elementary Schools - 1  
 Middle School - 2

**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**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**Last Nine Years**  
*Unaudited*

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

School Facilities	Project #	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>School Facilities</b>										
Union Avenue Elementary	00251.00	15,181	15,847	33,041	33,258	36,583	39,847	60,633	41,001	38,939
Eugene A. Tighe Middle	00251.00	67,956	70,973	58,163	60,180	61,208	72,085	72,191	74,357	71,616
William H. Ross III Intermediate	00251.00	49,160	51,341	52,718	62,957	60,011	65,314	60,634	67,380	66,799
<b>Grand Total</b>		<u>132,297</u>	<u>138,161</u>	<u>143,922</u>	<u>156,395</u>	<u>157,802</u>	<u>177,246</u>	<u>193,458</u>	<u>182,738</u>	<u>177,354</u>

**CITY OF MARGATE SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2010**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building & Contents	37,992,499	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**  
**Insurance Schedule**  
**June 30, 2010**  
**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	500
William H. Ross School	500,000	5,000
Statutory Bonds		
Position Bond Board Secretary	100,000	
Positon Bond Treasurer	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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CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 548, Mays Landing, NJ 08330

Member: New Jersey Society of CPAs  
American Institute of CPAs  
AICPA Private Companies Practice Section [www.swartzcocpa.com](http://www.swartzcocpa.com)

Phone: (609) 625-0999  
Toll Free in N.J.:(877) 310-0999  
Fax: (609) 625-2421

**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the Board of Education of the City of Margate School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 26, 2010. 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 Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Margate Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Margate Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Margate Board of Education's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Margate Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the City of Margate Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Robert E. Swartz, CPA*

Robert E. Swartz, CPA  
Licensed Public School Accountant  
No. CS00667

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

October 26, 2010



CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 548, Mays Landing, NJ 08330

Member: New Jersey Society of CPAs  
American Institute of CPAs  
AICPA Private Companies Practice Section [www.swartzcocpa.com](http://www.swartzcocpa.com)

Phone: (609) 625-0999  
Toll Free in N.J.: (877) 310-0999  
Fax: (609) 625-2421

**Report on Compliance With Requirements That Could Have a Direct  
and Material Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with New Jersey Circular OMB 04-04**

**Independent Auditor's Report**

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

**Compliance**

We have audited the City of Margate Board of Education's compliance with the types of compliance requirements described in the *New Jersey State Grants Compliance Supplement* that could have a direct and material effect on each of the City of Margate Board of Education's major state programs for the year ended June 30, 2010. The City of Margate Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the City of Margate Board of Education's management. Our responsibility is to express an opinion on the City of Margate Board of Education's compliance based on our audit.

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; and New Jersey OMB 04-04, *New Jersey State Grants Compliance Supplement*. Those standards and New Jersey OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Margate Board of Education'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. Our audit does not provide a legal determination of the City of Margate Board of Education's compliance with those requirements.

In our opinion, the City of Margate Board of Education complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2010.

## Internal Control Over Compliance

Management of the City of Margate Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the City of Margate Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on compliance in accordance with New Jersey OMB Circular 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 Board's internal control over compliance.

*A deficiency in internal control over compliance* 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information of the audit committee, management, Board of Education, the New Jersey State Department of Education (cognizant audit agency) and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*Robert E. Swartz*

Robert E. Swartz, CPA  
Licensed Public School Accountant  
No. CS00667

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

October 26, 2010

**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, 201

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, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustments	Balance at June 30, 2010	
											(Accounts Receivable)	Deferred Revenue
<b>U. S. Department of Agriculture</b>												
<b>Passed-through State Department of Educator Enterprise Fund:</b>												
Food Distribution Program	10.550		7/1/09 - 6/30/10	2,244	(3,324)		2,244	(2,244)				
National School Lunch Program	10.555		7/1/09 - 6/30/10	18,333		3,324	3,324				(3,683)	
National School Lunch Program	10.555		7/1/09 - 6/30/10	16,720		13,037	13,037	(16,720)				
<b>Total U.S. Department of Agriculture</b>					<u>(3,324)</u>	<u>0</u>	<u>15,605</u>	<u>(18,964)</u>	<u>0</u>	<u>0</u>	<u>(3,683)</u>	<u>0</u>
<b>U. S. Department of Educator</b>												
<b>Passed-through State Department of Educator</b>												
Special Revenue Fund:												
No Child Left Behind												
Title 1, Part A Carryover	84.010	NCLB302009	9/1/08 - 8/31/09	36,400	(8,989)		14,508	(18,570)			(4,062)	
Title 1, Part A	84.010	NCLB302010	9/1/08 - 8/31/10	36,400		8,989	8,989					
ARRA - Title 1, Part A	84.010	ARRA 2010	7/1/09 - 8/31/11	37,027		1,057	1,057	(6,617)			(5,560)	
Title II, Part A, Teachers & Principals Training, Carryover	84.389	NCLB302009	9/1/08 - 8/31/09	11,867		11,271	11,271	(11,622)			(351)	
Title II, Part A, Teachers & Principals Training	84.367	NCLB302009	9/1/08 - 8/31/09	25,162	(2,152)		8,909	(11,300)			(2,391)	
Title II, Part A, Teachers & Principals Training	84.367	NCLB302010	9/1/08 - 8/31/09	25,162		2,152	2,152					
Title II, Part D, Enhancing Education Through Technology C/O	84.318	NCLB302008	9/1/09 - 8/31/10	26,984				(21,334)			(21,334)	
Title II, Part D, Enhancing Education Through Technology C/O	84.318	NCLB302009	9/1/07 - 8/31/08	290	207			(207)				
Title II, Part D, Enhancing Education Through Technology	84.318	NCLB302009	9/1/08 - 8/31/09	302	(302)		302					
Title II, Part D, Enhancing Education Through Technology	84.318	NCLB302010	9/1/08 - 8/31/09	370								
Title IV Sale & Drug Free Schools and Community, Carryover	84.186	NCLB302008	9/1/07 - 8/31/08	2,261	5			(500)	(5)			
Title IV Sale & Drug Free Schools and Community, Carryover	84.186	NCLB302009	9/1/08 - 8/31/09	1,208	(85)		85					
Title IV Sale & Drug Free Schools and Community, Carryover	84.186	NCLB302010	9/1/08 - 8/31/09	1,218								
Title IV Sale & Drug Free Schools and Community	84.186	NCLB302008	9/1/07 - 8/31/08	876				(500)			(500)	
Title V, Innovative Education Program Strategies, Carryover	84.298	IDEA302007	9/1/06 - 8/31/07	186,268	3,685				(1)		(3,685)	
ID.E.A. Part B - Basic, Carryover	84.027	IDEA302008	9/1/07 - 8/31/08	186,583	754				(3,685)		(754)	
ID.E.A. Part B - Basic, Carryover	84.027	IDEA302009	9/1/08 - 8/31/09	162,080								
ID.E.A. Part B - Basic, Carryover	84.027	IDEA302008	9/1/08 - 8/31/09	162,080	(20,438)		20,438	(5,549)			(5,549)	
ID.E.A. Part B - Basic	84.027	IDEA302009	9/1/08 - 8/31/09	162,749			34,464				(90,438)	
ARRA - IDEA302010	84.391	ARRA - IDEA302010	7/1/09 - 8/31/11	141,287				(124,902)			(109,020)	1,372
ID.E.A. Part B - Basic	84.027	IDEA302010	9/1/09 - 8/31/10	6,718	1,372							
ARRA - ID.E.A. Part B - Basic	84.391	ARRA - ID.E.A. Part B - Basic	9/1/08 - 8/31/09	7,788								
ID.E.A. Part B - Preschool	84.027	IDEA302010	9/1/09 - 8/31/11	5,109	35			(25)				10
ARRA - ID.E.A. Part B - Preschool	84.027	ARRA - ID.E.A. Part B - Preschool	7/1/09 - 8/31/11	780								
REBEL II	NA	NA	7/1/08 - 6/30/09	1,000			1,000	(1,000)				
REBEL II	NA	NA	7/1/09 - 6/30/10	1,000								
<b>Total Special Revenue Fund</b>					<u>(25,907)</u>	<u>0</u>	<u>103,175</u>	<u>(310,646)</u>	<u>0</u>	<u>(4,445)</u>	<u>(239,205)</u>	<u>1,382</u>
<b>Total Federal Financial Awards</b>					<u>(\$29,231)</u>	<u>0</u>	<u>121,780</u>	<u>(329,610)</u>	<u>0</u>	<u>(4,445)</u>	<u>(242,888)</u>	<u>1,382</u>

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

**CITY OF MARGATE SCHOOL DISTRICT  
(A Component Unit of the City of Margate)  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2010**

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balances	Balance at June 30, 2010			MEMO		
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Carryover Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
General Fund:															
Categorical Transportation Aid	495-034-5120-014	7/1/09-6/30/10	91,155				91,155	(91,155)				10,548	91,155		
Categorical Special Education Aid	495-034-5120-089	7/1/09-6/30/10	278,914				278,914	(278,914)				23,220	278,914		
Categorical Security Aid	495-034-5120-084	7/1/09-6/30/10	28,124				28,124	(28,124)				3,255	28,124		
Adjustment Aid	495-034-5120-085	7/1/09-6/30/10	288,304				288,304	(288,304)				33,360	288,304		
Extraordinary Aid	100-034-5120-473	7/1/08-6/30/09	11,152	(11,152)			11,152						6,339		
Reimbursed Non Public Transportation Aid	N/A	7/1/08-6/30/09	27,876	(27,876)			27,876						10,285		
Reimbursed TPAF Social Security Contributions	495-034-5095-006	7/1/08-6/30/09	373,259				373,259	(373,259)					373,259		
<b>Total General Fund</b>				<b>(39,028)</b>	<b>0</b>	<b>0</b>	<b>1,098,784</b>	<b>(1,069,756)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>70,383</b>	<b>1,076,380</b>		
Special Revenue Fund:															
NJ Nonpublic Aid:															
Handicapped Services:															
Examination & Classification	100-034-5120-066	7/1/08-6/30/09	3,420	3,420					3,420				0		
Corrective Speech	100-034-5120-066	7/1/08-6/30/09	2,790	2,790					2,790				0		
Supplementary Instruction	100-034-5120-066	7/1/08-6/30/09	3,304	3,304					3,304				0		
NJ Clean of Public Utilities															
NJ Clean Energy Program	NA	7/1/08-6/30/10	10,692				10,692			10,692			0		
<b>Total Special Revenue Fund</b>				<b>9,514</b>	<b>0</b>	<b>0</b>	<b>10,692</b>	<b>0</b>	<b>9,514</b>	<b>10,692</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>State Department of Agriculture</b>															
Enterprise Fund:															
National School Lunch Program (State Share)	100-010-3350-023	7/1/08-6/30/09	958	(180)			180	(918)			(206)		837		
National School Lunch Program (State Share)	100-010-3350-023	7/1/09-6/30/10	918				712						918		
<b>Total Enterprise Fund</b>				<b>(180)</b>	<b>0</b>	<b>0</b>	<b>892</b>	<b>(918)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,855</b>		
<b>Total State Financial Assistance</b>				<b>(629,694)</b>	<b>0</b>	<b>0</b>	<b>1,110,368</b>	<b>(1,060,674)</b>	<b>9,514</b>	<b>10,692</b>	<b>0</b>	<b>70,383</b>	<b>1,078,235</b>		

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

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2010**

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 \$10,924 for the general fund and \$0 for the special revenue fund. See the following schedule and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general,

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2010**

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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>State Assistance:</b>				
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	1,059,756	0	918	1,060,674
Difference – budget to “GAAP” On-behalf payments recognized for GAAP statements but not included in the Schedule of Financial Assistance	307,471			307,471
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	81,307			81,307
State aid payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(70,383)			(70,383)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>1,378,151</u>	<u>0</u>	<u>918</u>	<u>1,379,069</u>

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>Local Assistance:</b>				
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	0	27,669	0	27,669
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		0		0
<hr/>				
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	0	27,669	0	27,669
<hr/>				
<b>Federal Assistance:</b>				
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of Federal Awards	0	310,646	18,964	329,610
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		0	0	0
<hr/>				
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	0	310,646	18,964	329,610
<hr/>				

**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.

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2010**

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, 2010. 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, 2010.



**CITY OF MARGATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

***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

\_\_\_\_\_  Unqualified  \_\_\_\_\_

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	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-0085	Adjustment Aid

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

\_\_\_\_\_  \$300,000  \_\_\_\_\_

Auditee qualified as low-risk auditee?

\_\_\_\_\_  X  yes \_\_\_\_\_ no \_\_\_\_\_ n/a

**CITY OF MARGATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*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, 2009**

*STATUS OF PRIOR YEAR FINDINGS*

None