

**Comprehensive Annual  
Financial Report**

**of the**

**City of Atlantic City Board of Education**

**Atlantic County, New Jersey**

**For the Fiscal Year Ended June 30, 2012**



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# **Introductory Section**

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**ATLANTIC CITY BOARD OF EDUCATION**  
**Business Office**

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*CitiCenter Building*  
*1300 Atlantic Avenue – 5<sup>th</sup> Floor*  
*Atlantic City, NJ 08401*

October 20, 2012

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

Dear Board Members and Constituents  
of the City of Atlantic City:

The comprehensive annual financial report of the City of Atlantic City School District (District) for the fiscal year ended June 30, 2012, 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 financial statements and schedules, as well as the auditor's reports thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the US. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. 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 Atlantic City School District is an independent reporting entity as 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 Atlantic City Board of Education and all its schools constitute the District's reporting entity.

The Atlantic City Schools are made up of eight elementary schools, two preschools, one 9-12 high school, and one alternative school. In addition to the schools, students are educated with Atlantic City School's funds for out-of-district special education, alternative and adult school programs. Included with the high school enrollment are tuition students from the neighboring communities of Brigantine, Ventnor, Margate and Longport.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with an enrollment of students of 6,497, which is 13 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

2011-2012	6,497	0.20%
2010-2011	6,484	-0.69%
2009-2010	6,529	4.78%
2008-2009	6,231	-0.80%
2007-2008	6,281	-5.29%
2006-2007	6,632	-3.79%
2005-2006	6,893	-3.11%
2004-2005	7,114	0.67%
2003-2004	7,067	-2.54%
2002-2003	7,251	1.40%

**2) ECONOMIC CONDITION AND OUTLOOK:** The Atlantic City Board of Education maintained a surplus during the 2011-2012 fiscal year though less than prior years' surpluses. The decreasing surplus is, in part, due to continual reduction in state aid coupled with the imposition of a 2% cap on the local tax levy. The local tax levy represents approximately 75% of the total revenue supporting the general fund for the 2011-2012 fiscal year.

The Board has taken significant steps to ensure that sufficient funds are retained in its fiscal year end budget to meet its obligation in future years. The district will have the maximum allowable unreserved surplus balance as of June 30, 2012.

The significant ratable increase Atlantic City has enjoyed in the past years has begun to decline. The City of Atlantic City is also experiencing economic difficulties and budget shortfalls. The extent of the city's financial problems could impact the district's tax levy collection. A city-wide revaluation was completed in 2007 and took affect in August 2008. As a result of the revaluation, the percentage of tax revenue paid by the casinos has decreased by approximately eight percent with further reductions attributed to casino tax appeals.

The District passed a bond referendum question in April 2009 in the amount of \$80,321,686 for the construction of two new schools, the Pennsylvania Ave. School and the Richmond Ave. School. Build America bonds were issued in July 2009 in the amount of \$50,321,000 and the remaining bond authorization in the amount of \$30,000,000 were issued in March of 2011. In addition, the district has refinanced all other eligible outstanding bond issues resulting in long term debt savings.

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

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

**4) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the District. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project 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 30th.

**5) 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.

**6) DEBT ADMINISTRATION:** At June 30, 2012, the District's outstanding debt issues totaled \$120,366,000.00. The total consisted of \$118,126,000.00 of general obligation bonds, and \$2,240,000.00 in Certificates of Participation notes. Included with the general obligation bonds is \$5,445,000.00 of taxable refunding bonds that were issued to refinance the present value of the outstanding liability to the State of New Jersey for the Early Retirement Incentive Programs.

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

**8) 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. The district has a self-funded workers compensation insurance program.

**9) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ford, Scott & Associates, LLC CPAs. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. 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.

**10) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Atlantic City Board for their concern in providing accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of District goals and objectives. The preparation of this report could not have been accomplished without the dedicated services of our financial and accounting staff.

Respectfully submitted,

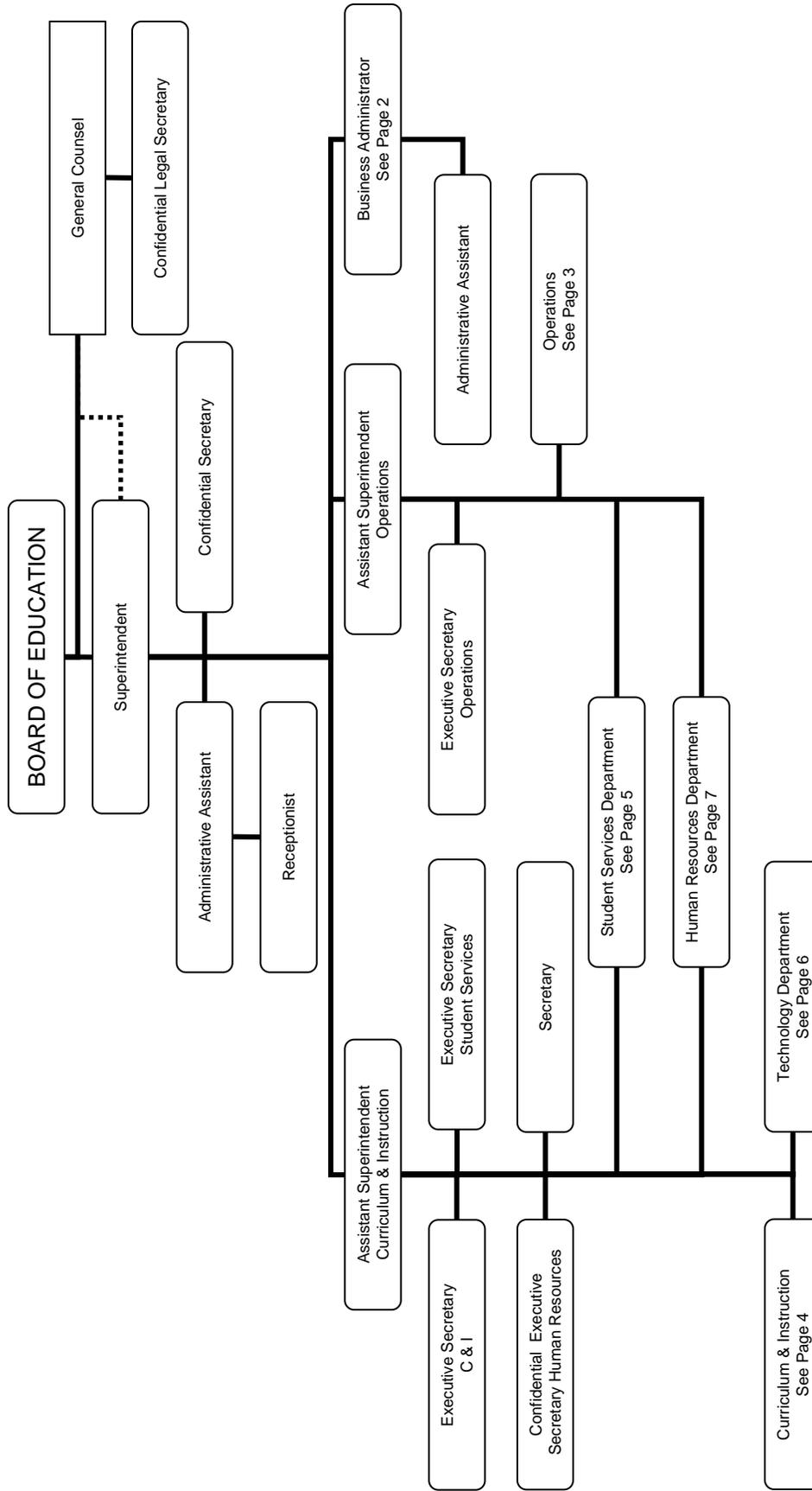
*Donna L. Haye*

Donna L. Haye  
Superintendent of Schools  
School Business Administrator

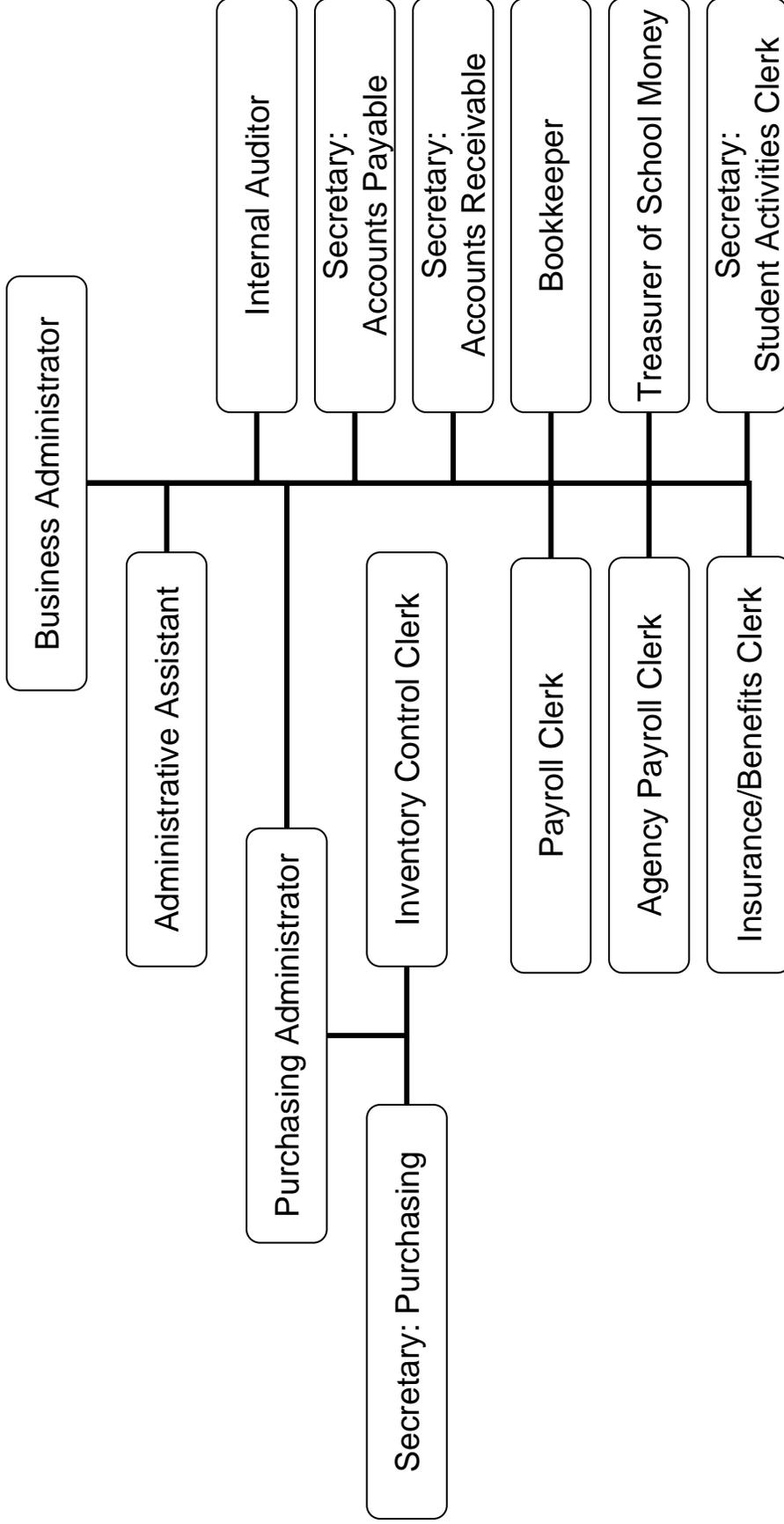
*Steven P. Moran*

Steven P. Moran  
Business Administrator

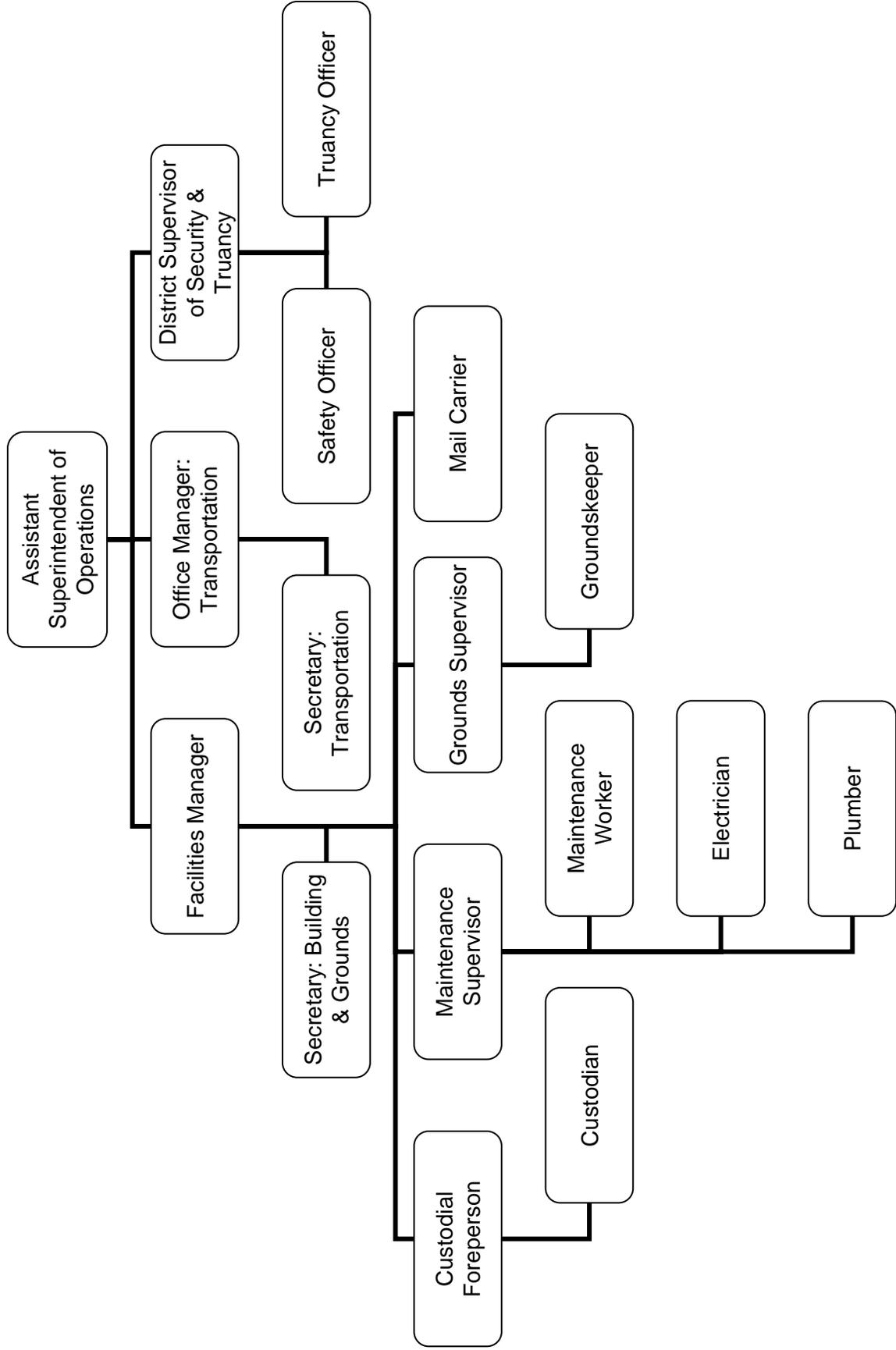
# ATLANTIC CITY BOARD OF EDUCATION



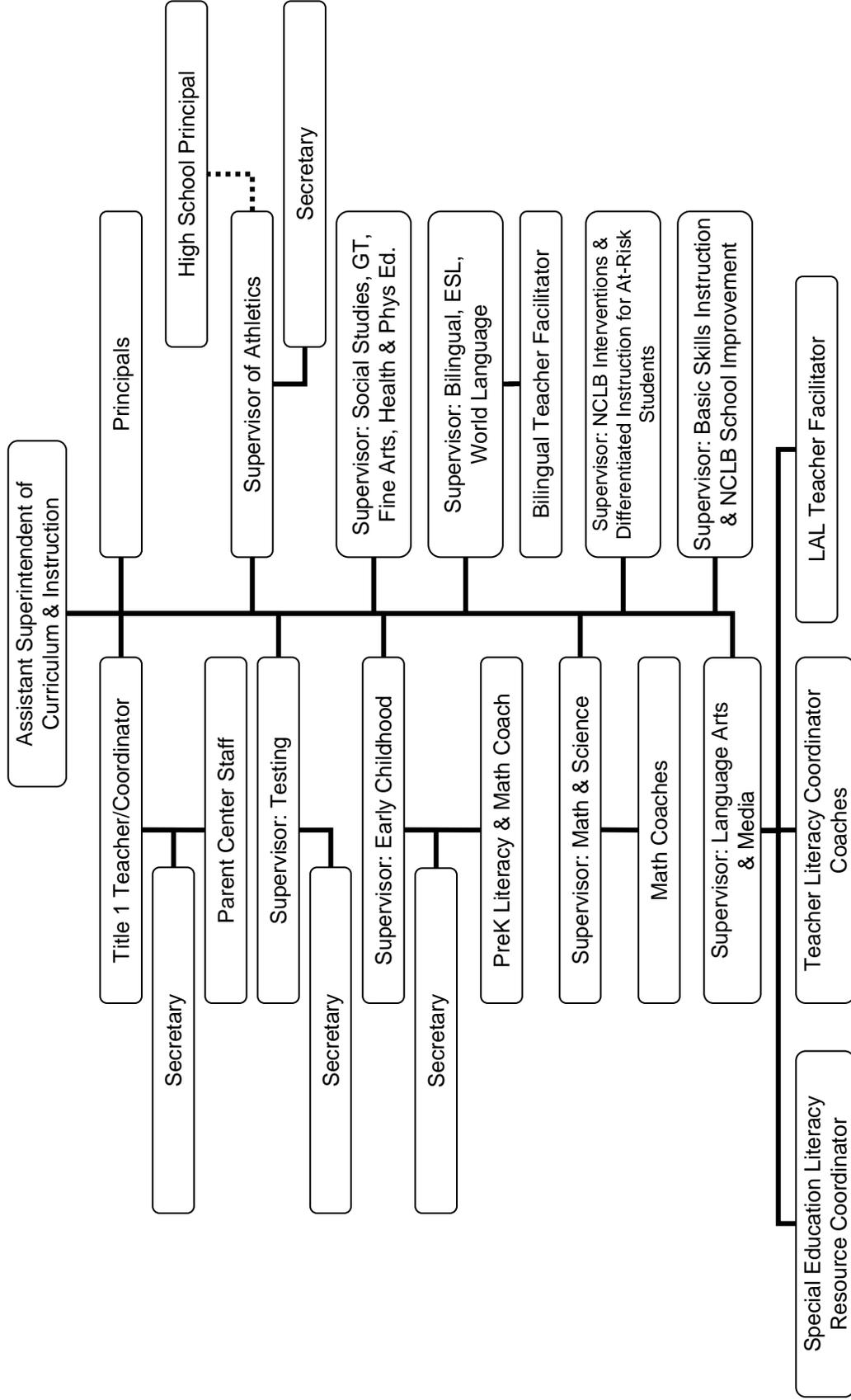
# BUSINESS OFFICE



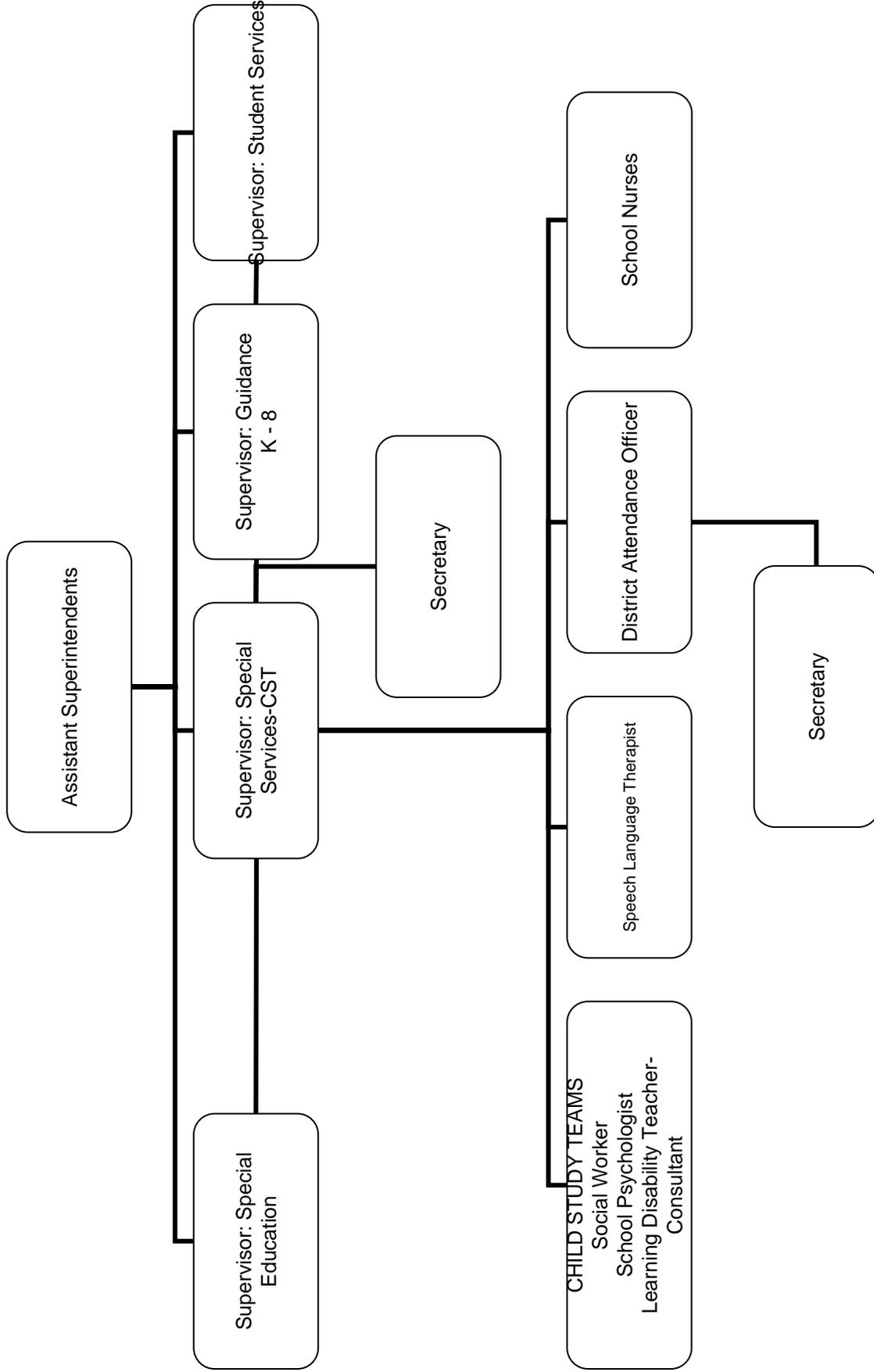
# OPERATIONS



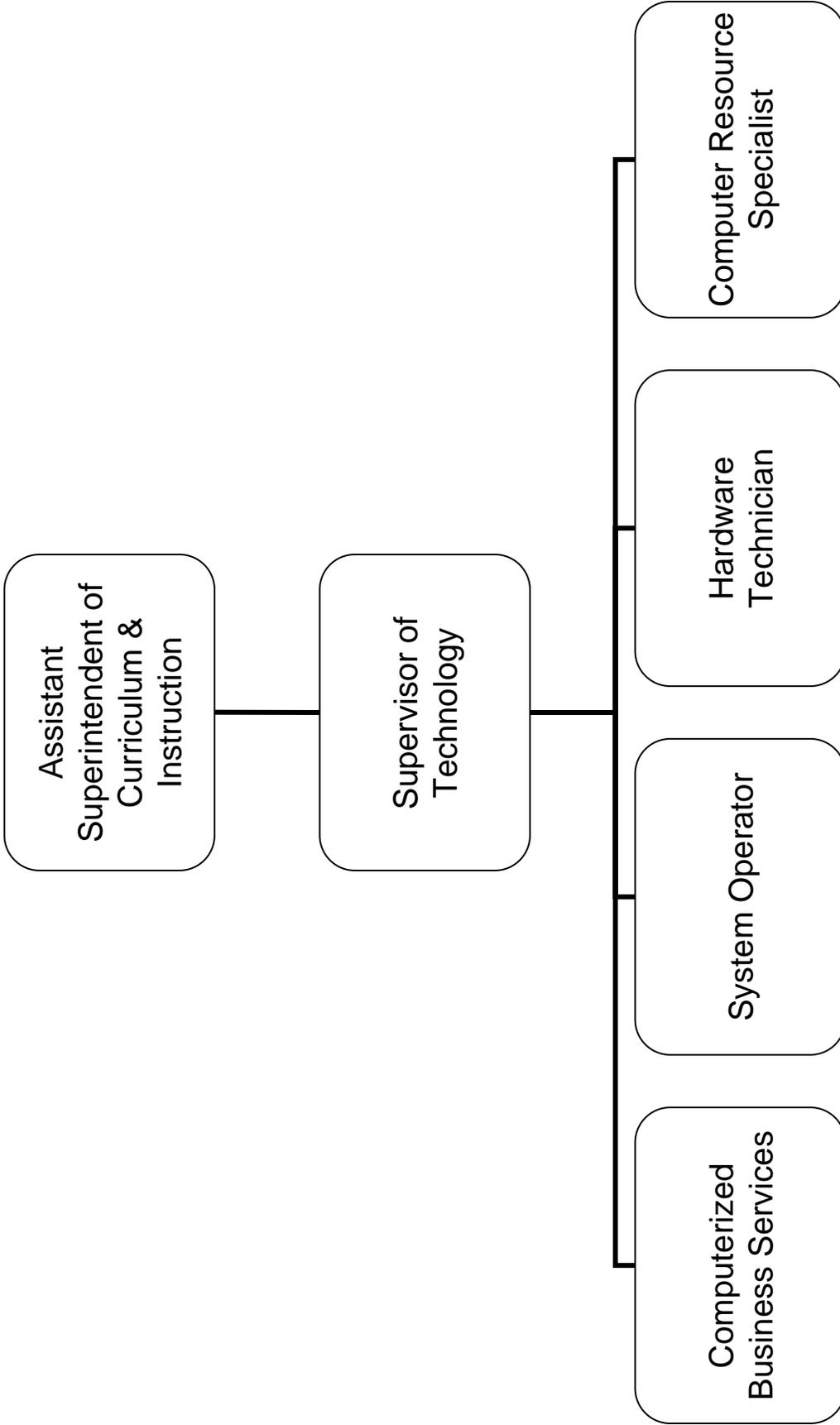
# CURRICULUM & INSTRUCTION



# STUDENT SERVICES

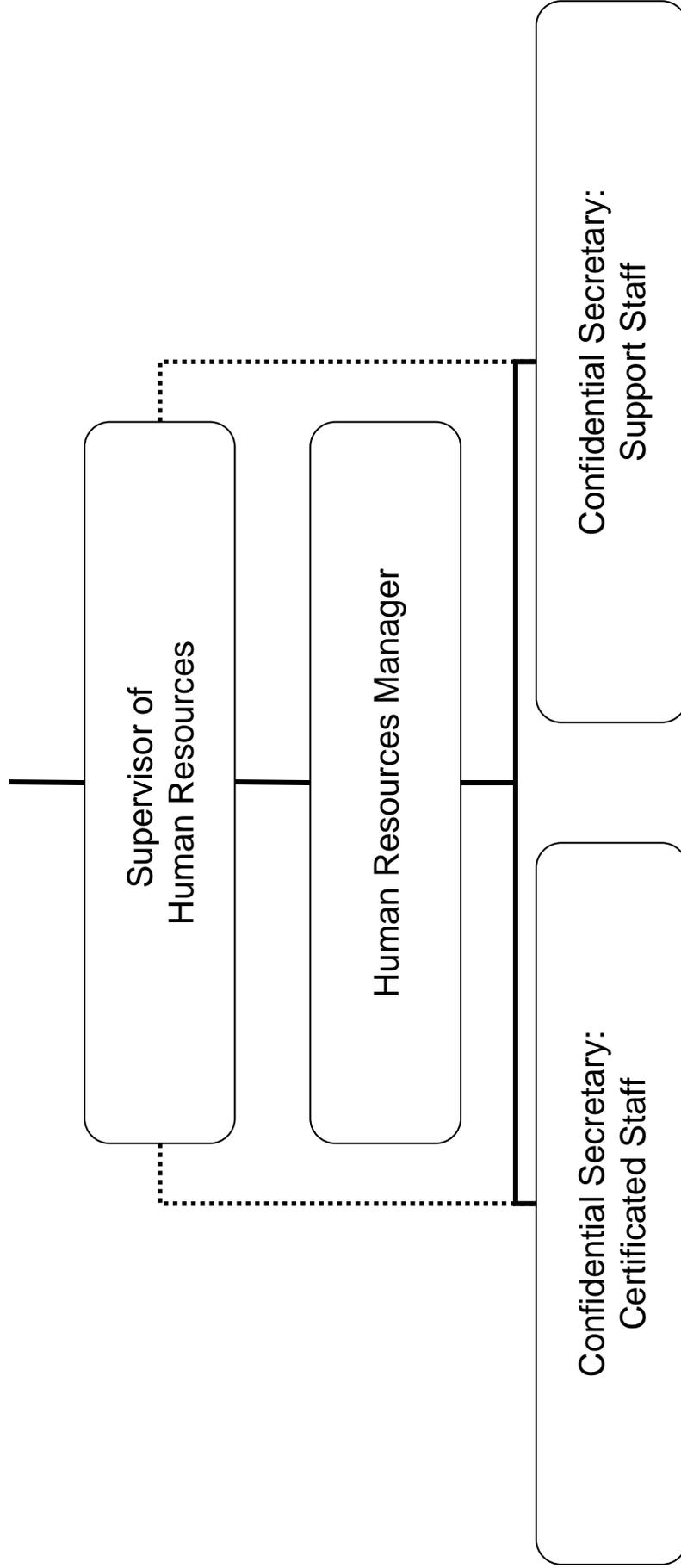


# DATA CENTER



# HUMAN RESOURCES

Assistant Superintendents



**CITY OF ATLANTIC CITY  
BOARD OF EDUCATION**

**COUNTY OF ATLANTIC , NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

**Members of the Board of Education**

Patricia Bailey, President  
Gina Holmes  
Edward Cooper  
Walter Johnson  
Nynell Langford  
John Devlin  
Kirk Dooley  
Shay Steele  
Ruth Byard  
Joan Glick, Ventnor Representative  
Frank Koch, Brigantine Representative

**SUPERINTENDENT**

Fredrick Nickles (through June 30, 2012)  
Donna Haye (effective July 1, 2012)

**BUSINESS ADMINISTRATOR**

Lisa P. Mooney, CPA (through August, 2011)  
Daniel G. Loggi - Interim (August 2011 through June 30, 2012)  
Steve Moran (effective July 1, 2012)

**BOARD SECRETARY**

Angela Brown

**TREASURER OF SCHOOL MONIES**

Joanne M. Shepherd

**CITY OF ATLANTIC CITY  
BOARD OF EDUCATION**

**COUNTY OF ATLANTIC , NEW JERSEY**

**CONSULTANTS AND ADVISORS  
JUNE 30, 2012**

**INDEPENDENT AUDITOR**

Ford, Scott & Associates, LLC  
Certified Public Accountants  
1535 Haven Avenue  
Ocean City, New Jersey 08226

**ATTORNEY**

William Donio

**BOND COUNSEL**

McManimon & Scotland, LLC  
Newark, NJ

**OFFICIAL DEPOSITORY**

Sun Bank

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## **Financial Section**

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OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548  
MAYS LANDING, NJ 08330  
PHONE 609.625.0999 • FAX 609.625.2421

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the City of Atlantic City School District, in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2012, 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 Atlantic City 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

In our opinion, the 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 Atlantic City Board of Education, in the County of Atlantic, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, 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 20, 2012 on our consideration of the City of Atlantic City 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 our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards 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, and are also not a required part of the basic financial statements. The combining statements, and related major fund supporting statements and schedules, and schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting or other records used to prepare the financial statements themselves. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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.

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

*Kenneth Moore*

Kenneth Moore  
Certified Public Accountant  
Licensed Public School Accountant  
No. 499

October 20, 2012

## **Required Supplementary Information – Part I**

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

The discussion and analysis of City of Atlantic City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- In total, net assets increased \$19,828,159.03, which represents a 32 percent increase from 2011.
- General revenues accounted for \$175,769,676.08 in revenue or 92 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$15,735,482.36 or 8 percent of total revenues of \$178,806,276.47.
- Cash and cash equivalents decreased by \$22,114,627.12, receivables decreased by \$2,074,343.22, inventory increased by \$1,655.17, deferred debt issue costs increased by \$67,426.58 and net capital assets increased by \$2,628,094.73.
- The School District had \$171,676,999.41 in expenses; only \$15,735,482.36 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$162,802,800.24 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$159,310,177.04 in revenues and \$149,163,285.91 in expenditures. The General Fund's fund balance increased \$10,146,891.13 over 2011.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of City of Atlantic City School District, the General Fund is by far the most significant fund.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Reporting the School District as a Whole**

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District, as a whole looks at all financial transactions and ask the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial position of the School district have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Reading Recovery enterprise funds are reported as a business activity.

**Reporting the School District's Most Significant Funds**

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Permanent Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Reporting the School District's Most Significant Funds (Continued)**

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

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

Table 1 provides a summary of the School District's net assets for 2012 and 2011.

**Table 1  
Net Assets**

	2012	2011
<b>Assets</b>		
Current and Other Assets	\$ 62,640,990.84	\$ 86,764,189.77
Capital Assets	161,593,352.63	158,965,257.90
<b>Total Assets</b>	<b>224,234,343.47</b>	<b>245,729,447.67</b>
<b>Liabilities</b>		
Long-Term Liabilities	121,758,611.80	134,235,095.90
Other Liabilities	20,196,949.48	49,043,728.61
<b>Total Liabilities</b>	<b>141,955,561.28</b>	<b>183,278,824.51</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	42,667,553.18	27,495,547.77
Restricted	33,340,281.23	31,016,444.25
Unrestricted (Deficit)	6,270,947.78	3,938,631.14
<b>Total Net Assets</b>	<b>\$ 82,278,782.19</b>	<b>\$ 62,450,623.16</b>

The District's combined net assets were \$82,278,782.19 on June 30, 2012. This was an increase of \$19,828,159.03 from the prior year.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**The School District as a Whole (Continued)**

Table 2 shows changes in net assets for fiscal years 2012 and 2011.

**Table 2  
Changes in Net Assets**

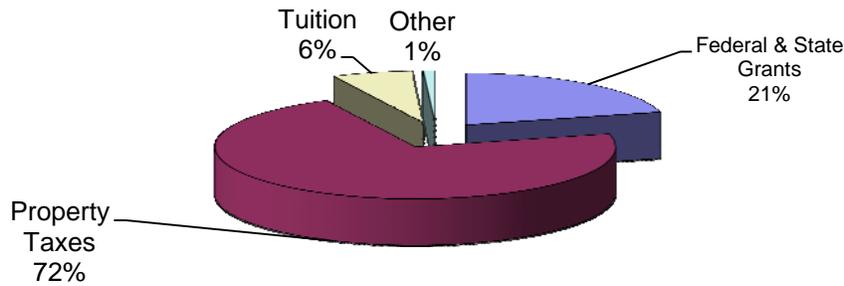
	2012	2011
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 552,129.03	\$ 518,335.49
Operating Grants and Contributions	15,183,353.33	15,485,140.74
General Revenues:		
Property Taxes	133,987,774.00	125,731,823.00
Grants and Entitlements	28,152,951.58	23,181,554.87
Other	13,628,950.50	13,889,422.37
Total Revenues	191,505,158.44	178,806,276.47
<b>Program Expenses</b>		
Instruction	88,624,208.31	86,086,843.31
Support Services:		
Tuition	15,091,976.18	13,943,628.85
Related Services - Pupils and Instructional Staff	20,456,195.46	20,802,733.27
General Administration, School Administration	8,848,496.47	12,958,612.59
Central Services and Maintenance of Facilities	22,556,448.17	20,095,841.27
Pupil Transportation	4,955,342.90	4,524,112.21
Interest on Debt	5,551,788.47	6,305,810.70
Capital Outlay	294,852.50	
Food Service	5,292,432.90	4,639,049.11
Reading Recovery	5,258.05	14,760.36
Total Expenses	171,676,999.41	169,371,391.67
Increase (Decrease) in Net Assets	\$ 19,828,159.03	\$ 9,434,884.80

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Governmental Activities**

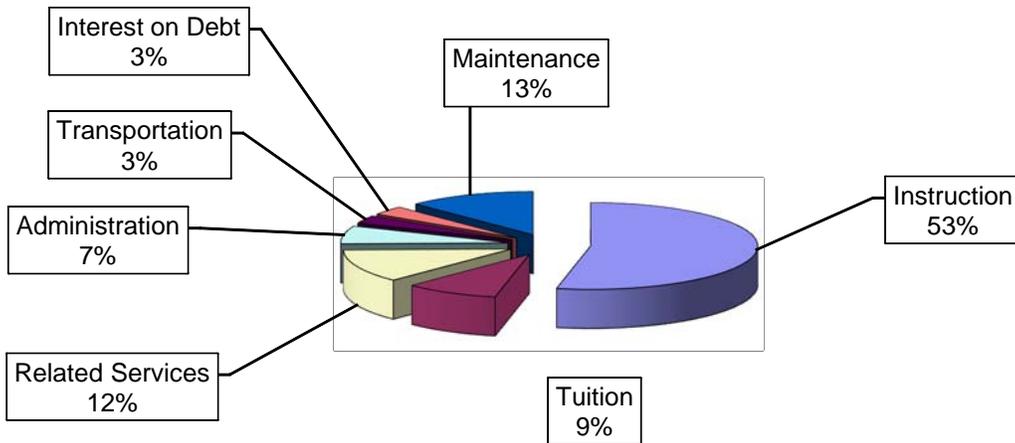
The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 72 percent of revenues for governmental activities for the School District for fiscal year 2012. The District's total revenues were \$186,782,035.77 for the year ended June 30, 2012. Federal, state, and local grants accounted for another 21 percent of revenue.

**Sources of Revenue for 2012**



The total cost of all program and services was \$166,379,308.46. Instruction comprises 53 percent of District expenses.

**Expenses for 2012**



**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Business-Type Activities**

Revenues for the District's business-type activities were comprised of charges for services and federal and state reimbursements.

- Expenses exceeded revenues by \$324,568.28.
- Charges for services represent \$552,129.03 of revenue. This represents amounts paid by patrons for daily food service and Reading Recovery Program fees.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$4,170,993.64.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	<b>Table 3</b>				
	<b>Total Cost of Services 2012</b>	<b>Net Cost of Services 2012</b>	<b>Total Cost of Services 2011</b>	<b>Net Cost of Services 2011</b>	
Instruction	\$ 88,624,208.31	\$ 81,329,630.31	\$ 86,086,843.31	\$ 77,676,115.72	
Support Services:					
Tuition	15,091,976.18	15,091,976.18	13,943,628.85	13,943,628.85	
Pupils and Instructional Staff	20,456,195.46	18,095,167.77	20,802,733.27	18,117,773.86	
General Administration, School Administration	8,848,496.47	8,848,496.47	12,958,612.59	12,958,612.59	
Business Operation and Maintenance of Facilities	22,556,448.17	22,556,448.17	20,095,841.27	20,095,841.27	
Pupil Transportation	4,955,342.90	4,955,342.90	4,524,112.21	4,524,112.21	
Capital Outlay	294,852.50	294,852.50	-	-	
Interest and Fiscal Charges	5,551,788.47	4,195,034.47	6,305,810.70	5,479,889.70	
Total Expenses	<u>\$ 166,379,308.46</u>	<u>\$ 155,366,948.77</u>	<u>\$ 164,717,582.20</u>	<u>\$ 152,795,974.20</u>	

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Tuition is predominately made up of charges from other schools for special education students.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund, debt service fund and permanent fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues, not including other financing sources amounted to \$186,782,035.77 and expenditures, not including other financing uses were \$182,127,664.95. The net increase in fund balance for the year was \$4,404,370.82. This reflects the District's budgeted use of fund balance, the deferral of the final state aid payment, and the expenditure of Capital Project Funds for construction costs and the proceeds of bonds issued during the year.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2011</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 147,623,724.50	79.04%	\$ 7,999,167.13	5.73%
State Sources	31,070,315.49	16.63%	4,547,145.07	17.14%
Federal Sources	8,087,995.78	4.33%	(481,996.67)	-5.62%
Total	<u>\$ 186,782,035.77</u>	<u>100.00%</u>	<u>\$ 12,064,315.53</u>	6.91%

Local revenues increased by \$7,999,167.13. The net increase in local revenue was predominately due to an increase in the Local Tax Levy.

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2011</u>	<u>Percent of Increase (Decrease)</u>
Current expense:				
Instruction	\$ 64,305,237.57	35.31%	\$ 990,418.44	1.56%
Undistributed expenditures	93,660,848.92	51.43%	1,236,613.77	1.34%
Capital Outlay	6,164,422.23	3.38%	(20,838,770.03)	-77.17%
Debt Service	17,997,156.23	9.88%	2,456,609.22	15.81%
Total	<u>\$ 182,127,664.95</u>	<u>100.00%</u>	<u>\$ (16,155,128.60)</u>	-8.15%

Instructional expenses increase predominately due to increased cost related to the districts special education line items.

Undistributed expenses increased predominately due to the increased costs related to employee pensions and benefits.

Capital outlay decreased as construction costs were lower than 2011.

Debt service increased related to the new principal and interest payments incurred with the new Build America Bonds.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

**Capital Assets**

At the end of the fiscal year 2012, the School District had \$161,593,352.63 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared to 2012.

**Table 4  
Capital Assets (Net of Depreciation) at June 30,**

	2012	2011
Land	\$ 17,817,780.00	\$ 17,817,780.00
Construction in Progress	70,165,682.02	64,877,264.90
Building and Building Improvements	71,709,291.00	74,415,466.00
Machinery and Equipment	1,900,599.61	1,854,747.00
Total	\$ 161,593,352.63	\$ 158,965,257.90

Overall capital assets increased \$23,988,470.60 from fiscal year 2011 to fiscal year 2012. The increase in capital assets is due to depreciation charges being less than new capital purchases. For more detailed information, please refer to the Notes to the Financial Statements.

**Debt Administration**

At June 30, 2012, the School District had \$120,366,000.00 of outstanding debt.

At June 30, 2012, the School District is within its legal debt capacity. See the Notes to the Financial Statements and Schedule J-13 for additional information.

**For the Future**

The City of Atlantic City School District is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern is the lack of sufficient state aid, which increases reliance on local property taxes.

In conclusion, the City of Atlantic City School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

**Contacting the School District's Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Administrator at the City of Atlantic City School District, 1300 Atlantic Avenue, Atlantic City, NJ 08401.

# **Basic Financial Statements**

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## DISTRICT – WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business – type activities of the District.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 58,544,758.77	\$ 22,810.46	\$ 58,567,569.23
Receivables, Net	2,409,551.96	873,936.84	3,283,488.80
Internal Balances	742,362.17	(742,362.17)	-
Inventory		46,612.96	46,612.96
Deferred Debt Issue Costs	743,319.85		743,319.85
Capital Assets, not Depreciated	87,983,462.02		87,983,462.02
Capital Assets, Net	73,394,729.61	215,161.00	73,609,890.61
<b>Total Assets</b>	<b>223,818,184.38</b>	<b>416,159.09</b>	<b>224,234,343.47</b>
<b>LIABILITIES</b>			
Accounts Payable	14,957,708.89	413,668.56	15,371,377.45
Workers Compensation Claims Payable	3,041,449.80		3,041,449.80
Deferred Revenue	297,979.31		297,979.31
Accrued Interest	1,486,142.92		1,486,142.92
Noncurrent Liabilities			
Due Within One Year	12,155,000.00		12,155,000.00
Due Beyond One Year	109,603,611.80		109,603,611.80
<b>Total Liabilities</b>	<b>141,541,892.72</b>	<b>413,668.56</b>	<b>141,955,561.28</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	(45,531,069.84)	215,161.00	(45,315,908.84)
Restricted for:			
Debt Service	(1,412,699.96)		(1,412,699.96)
Capital Projects	12,939,463.38		12,939,463.38
Permanent Endowment - Nonexpendable	11,164.52		11,164.52
Other Purposes	20,037,565.29		20,037,565.29
Special Revenue	(235,712.00)		(235,712.00)
Maintenance Reserve	1,500,500.00		1,500,500.00
Emergency Reserve	500,000.00		500,000.00
Unrestricted	94,467,080.27	(212,670.47)	94,254,409.80
<b>Total Net Assets</b>	<b>\$ 82,276,291.66</b>	<b>\$ 2,490.53</b>	<b>\$ 82,278,782.19</b>

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Function/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 49,440,165.17	\$ -	\$ -	\$ -	\$ (49,440,165.17)	\$ -	\$ (49,440,165.17)
Special Education	21,618,787.98		7,294,578.00		(14,324,209.98)		(14,324,209.98)
Other Special Instruction	17,565,255.16				(17,565,255.16)		(17,565,255.16)
<b>Support Services:</b>							
Tuition	15,091,976.18				(15,091,976.18)		(15,091,976.18)
Student & Instruction Related Services	20,456,195.46		2,361,027.69		(18,095,167.77)		(18,095,167.77)
General Administrative Services	2,586,087.46				(2,586,087.46)		(2,586,087.46)
School Administrative Services	6,262,409.01				(6,262,409.01)		(6,262,409.01)
Plant Operation and Maintenance	20,334,368.32				(20,334,368.32)		(20,334,368.32)
Pupil Transportation	4,955,342.90				(4,955,342.90)		(4,955,342.90)
Central and Info. Tech. Services	2,222,079.85				(2,222,079.85)		(2,222,079.85)
Capital Outlay	294,852.50				(294,852.50)		(294,852.50)
Interest on Long-Term Debt	5,551,788.47			1,356,754.00	(4,195,034.47)		(4,195,034.47)
<b>Total Governmental Activities</b>	<b>166,379,308.46</b>	<b>-</b>	<b>9,655,605.69</b>	<b>1,356,754.00</b>	<b>(155,366,948.77)</b>	<b>-</b>	<b>(155,366,948.77)</b>
<b>Business-Type Activities:</b>							
Food Service	5,292,432.90	548,129.03	4,170,993.64		(573,310.23)		(573,310.23)
Reading Recovery	5,258.05	4,000.00			(1,258.05)		(1,258.05)
<b>Total Business-Type Activities</b>	<b>5,297,690.95</b>	<b>552,129.03</b>	<b>4,170,993.64</b>	<b>-</b>	<b>(574,568.28)</b>	<b>(574,568.28)</b>	<b>(574,568.28)</b>
<b>Total Primary Government</b>	<b>\$ 171,676,999.41</b>	<b>\$ 552,129.03</b>	<b>\$ 13,826,599.33</b>	<b>\$ 1,356,754.00</b>	<b>\$ (155,366,948.77)</b>	<b>\$ (574,568.28)</b>	<b>\$ (155,941,517.05)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 117,535,530.00	\$ -	\$ 117,535,530.00
Taxes Levied for Debt Service					16,452,244.00	-	16,452,244.00
Federal and State Aid not Restricted					28,152,951.58	-	28,152,951.58
Tuition Received					11,987,016.34	-	11,987,016.34
Miscellaneous Income					1,641,934.16	-	1,641,934.16
Transfers					(250,000.00)	250,000.00	-
<b>Total General Revenues</b>					<b>175,519,676.08</b>	<b>250,000.00</b>	<b>175,769,676.08</b>
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>					<b>175,519,676.08</b>	<b>250,000.00</b>	<b>175,769,676.08</b>
<b>Change in Net Assets</b>					<b>20,152,727.31</b>	<b>(324,568.28)</b>	<b>19,828,159.03</b>
<b>Net Assets - Beginning</b>					<b>62,123,564.35</b>	<b>327,058.81</b>	<b>62,450,623.16</b>
<b>Net Assets - Ending</b>					<b>\$ 82,276,291.66</b>	<b>\$ 2,490.53</b>	<b>\$ 82,278,782.19</b>

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

## FUND FINANCIAL STATEMENTS

The individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 38,351,118.07	\$ -	\$ 20,128,015.28	\$ 54,460.90	\$ 11,164.52	\$ 58,544,758.77
Receivables from Other Governments	1,289,162.85	1,103,166.00				2,392,328.85
Interfunds Receivable	1,627,282.65			18,982.06		1,646,264.71
Other Receivables	17,223.11					17,223.11
<b>Total Assets</b>	<b><u>\$41,284,786.68</u></b>	<b><u>\$ 1,103,166.00</u></b>	<b><u>\$ 20,128,015.28</u></b>	<b><u>\$ 73,442.96</u></b>	<b><u>\$ 11,164.52</u></b>	<b><u>\$ 62,600,575.44</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 3,304,590.52	\$ 176,001.49	\$ 11,477,116.88			14,957,708.89
Interfund Payable		864,897.20	39,005.34			903,902.54
Workers Compensation Claims Payable	3,041,449.80					3,041,449.80
Deferred Revenue		297,979.31				297,979.31
<b>Total Liabilities</b>	<b><u>6,346,040.32</u></b>	<b><u>1,338,878.00</u></b>	<b><u>11,516,122.22</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>19,201,040.54</u></b>
<b>Fund Balances:</b>						
<b>Restricted Fund Balance:</b>						
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	8,871,641.08					8,871,641.08
Reserve for Excess Surplus	11,165,924.21					11,165,924.21
Permanent Fund					11,164.52	11,164.52
Special Revenue		(235,712.00)				(235,712.00)
Capital Projects			8,611,893.06			8,611,893.06
Debt Service				(161,921.04)		(161,921.04)
<b>Committed Fund Balance:</b>						
Maintenance Reserve	1,500,500.00					1,500,500.00
Capital Reserve	4,327,570.32					4,327,570.32
Emergency Reserve	500,000.00					500,000.00
Other Purposes	4,138,405.71					4,138,405.71
<b>Assigned Fund Balance:</b>						
Designated for Subsequent Year's Expenditures	2,284,735.92			235,364.00		2,520,099.92
Unassigned Fund Balance	2,149,969.12					2,149,969.12
<b>Total Fund Balances (Deficits)</b>	<b><u>34,938,746.36</u></b>	<b><u>(235,712.00)</u></b>	<b><u>8,611,893.06</u></b>	<b><u>73,442.96</u></b>	<b><u>11,164.52</u></b>	<b><u>43,399,534.90</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$41,284,786.68</u></b>	<b><u>\$ 1,103,166.00</u></b>	<b><u>\$ 20,128,015.28</u></b>	<b><u>\$ 73,442.96</u></b>	<b><u>\$ 11,164.52</u></b>	

Amounts reported for *governmental activities* 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.

The cost of the assets is \$212,726,832.90 and the accumulated depreciation is \$54,011,145.00.

161,378,191.63

Interest on long-term debt in the statement of activities is accrued, regardless of when due.

(1,486,142.92)

Long - term liabilities, including bonds and capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(121,015,291.95)

Net assets of governmental activities

**\$ 82,276,291.66**

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>REVENUES</b>						
Local Sources:						
Local Tax Levy	\$ 117,535,530.00	\$ -	\$ -	\$ 16,452,244.00	\$ -	\$ 133,987,774.00
Tuition Charges	11,987,016.34					11,987,016.34
Interest Earned on Reserve Funds	306,911.67					306,911.67
Miscellaneous	1,327,767.45	7,000.00		7,255.04		1,342,022.49
Total Local Sources	131,157,225.46	7,000.00	-	16,459,499.04	-	147,623,724.50
State Sources	27,329,157.80	2,384,403.69		1,356,754.00		31,070,315.49
Federal Sources	823,793.78	7,264,202.00				8,087,995.78
Total Revenues	<u>159,310,177.04</u>	<u>9,655,605.69</u>	<u>-</u>	<u>17,816,253.04</u>	<u>-</u>	<u>186,782,035.77</u>
<b>EXPENDITURES</b>						
Current:						
Regular Instruction	34,652,479.55					34,652,479.55
Special Education Instruction	10,023,539.65	7,317,778.00				17,341,317.65
Other Special Instruction	12,311,440.37					12,311,440.37
Support Services and Undistributed Costs:						
Tuition	15,091,976.18					15,091,976.18
Student & Instruction Related Serv.	12,682,854.70	2,361,027.69				15,043,882.39
General Administrative Services	1,812,581.78					1,812,581.78
School Administrative Services	4,389,305.72					4,389,305.72
Plant Operation and Maintenance	14,252,304.38					14,252,304.38
Pupil Transportation	4,955,342.90					4,955,342.90
Central and Info. Tech. Services	1,557,449.83					1,557,449.83
Unallocated Employee Benefits	36,558,005.74					36,558,005.74
Debt Service:						
Principal				11,880,000.00		11,880,000.00
Interest and Other Charges				6,117,156.23		6,117,156.23
Capital Outlay	876,005.11	-	5,288,417.12			6,164,422.23
Total Expenditures	<u>149,163,285.91</u>	<u>9,678,805.69</u>	<u>5,288,417.12</u>	<u>17,997,156.23</u>	<u>-</u>	<u>182,127,664.95</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,146,891.13</u>	<u>(23,200.00)</u>	<u>(5,288,417.12)</u>	<u>(180,903.19)</u>	<u>-</u>	<u>4,654,370.82</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in		-	-	18,982.06		18,982.06
Transfer out	(250,000.00)		(18,982.06)			(268,982.06)
Total Other Financing Sources and Uses	<u>(250,000.00)</u>	<u>-</u>	<u>(18,982.06)</u>	<u>18,982.06</u>	<u>-</u>	<u>(250,000.00)</u>
Net Changes in Fund Balance	9,896,891.13	(23,200.00)	(5,307,399.18)	(161,921.13)	-	4,404,370.82
Fund Balance - July 1	25,041,855.23	(212,512.00)	13,919,292.24	235,364.09	11,164.52	38,995,164.08
Fund Balance (Deficit) - June 30	<u>\$ 34,938,746.36</u>	<u>\$ (235,712.00)</u>	<u>\$ 8,611,893.06</u>	<u>\$ 73,442.96</u>	<u>\$ 11,164.52</u>	<u>\$ 43,399,534.90</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2012**

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ 4,404,370.82

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, on 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 capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	\$ (3,207,066.00)	
Capital Outlay	<u>5,869,569.73</u>	2,662,503.73

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.

Bonds		10,815,000.00
Certificates of Participation		1,065,000.00

Governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.

Amortization of Bond Issuance Costs	(22,718.42)	
Amortization of Bond Premium	73,794.29	
Amortization of Deferred Amount on Refunding (Loss)	<u>(27,650.19)</u>	23,425.68

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick pay) 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

640,485.00

In the statement of activities, interest on long - term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.

541,942.08

Change in Net Assets of Governmental Activities

\$ 20,152,727.31

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2012**

	Business-Type Activities - Enterprise Fund		
	Food Service	Reading Recovery	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 22,810.46	\$ 22,810.46
Accounts Receivable	873,936.84		873,936.84
Inventories	46,612.96		46,612.96
Total Current Assets	<u>920,549.80</u>	<u>22,810.46</u>	<u>943,360.26</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	1,192,132.00		1,192,132.00
Less: Accumulated Depreciation	(976,971.00)		(976,971.00)
Total Noncurrent Assets	<u>215,161.00</u>	<u>-</u>	<u>215,161.00</u>
 Total Assets	 <u><u>\$ 1,135,710.80</u></u>	 <u><u>\$ 22,810.46</u></u>	 <u><u>\$ 1,158,521.26</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Interfunds Payable	\$ 742,362.17	\$ -	\$ 742,362.17
Accounts Payable	413,668.56		413,668.56
Total Current Liabilities	<u>1,156,030.73</u>	<u>-</u>	<u>1,156,030.73</u>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	215,161.00	-	215,161.00
Unrestricted (Deficit)	(235,480.93)	22,810.46	(212,670.47)
 Total Net Assets	 <u><u>\$ (20,319.93)</u></u>	 <u><u>\$ 22,810.46</u></u>	 <u><u>\$ 2,490.53</u></u>

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2012**

	Business-Type Activities - Enterprise Fund		
	Food Service	Reading Recovery	Totals Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales	\$ 548,129.03		\$ 548,129.03
Program Fees		\$ 4,000.00	4,000.00
Total Operating Revenue	<u>548,129.03</u>	<u>4,000.00</u>	<u>552,129.03</u>
Operating Expenses:			
Cost of Sales	2,234,643.08		2,234,643.08
Salaries	1,524,417.23		1,524,417.23
Professional Development Services		2,105.00	2,105.00
Employee Benefits	581,100.71		581,100.71
Travel		3,153.05	3,153.05
Insurance	177,240.75		177,240.75
Direct Costs	204,096.64		204,096.64
Miscellaneous	534,235.49		534,235.49
Depreciation	36,699.00		36,699.00
Total Operating Expenses	<u>5,292,432.90</u>	<u>5,258.05</u>	<u>5,297,690.95</u>
Operating Income (Loss)	<u>(4,744,303.87)</u>	<u>(1,258.05)</u>	<u>(4,745,561.92)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	49,905.72		49,905.72
Federal Sources:			
National School Lunch Program	2,438,886.39		2,438,886.39
School Breakfast Program	1,289,134.05		1,289,134.05
Fruit and Vegetable Program	237,070.85		237,070.85
School Snack Program	52,398.96		52,398.96
Food Distribution Program	103,597.67		103,597.67
Total Nonoperating Revenues (Expenses)	<u>4,170,993.64</u>	<u>-</u>	<u>4,170,993.64</u>
Income (Loss) before Contributions & Transfers	<u>(573,310.23)</u>	<u>(1,258.05)</u>	<u>(574,568.28)</u>
Capital Contributions Net			-
Transfers In (Out)	<u>250,000.00</u>		<u>250,000.00</u>
Changes in Net Assets	<u>(323,310.23)</u>	<u>(1,258.05)</u>	<u>(324,568.28)</u>
Total Net Assets - Beginning (Deficit)	<u>302,990.30</u>	<u>24,068.51</u>	<u>327,058.81</u>
Total Net Assets - Ending	<u>\$ (20,319.93)</u>	<u>\$ 22,810.46</u>	<u>\$ 2,490.53</u>

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2012**

	Business-Type Activities - Enterprise Fund		
	Food Service	Reading Recovery	Totals Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 486,931.97	\$ 5,500.00	\$ 492,431.97
Payment for Salaries	(1,524,417.23)		(1,524,417.23)
Payments for Benefits	(581,100.71)		(581,100.71)
Payments for Suppliers	(3,117,922.26)	(5,258.05)	(3,123,180.31)
Net Cash Provided by (Used for) Operating Activities	<u>(4,736,508.23)</u>	<u>241.95</u>	<u>(4,736,266.28)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal and State Sources	4,170,993.64		4,170,993.64
Operating Subsidies and Transfers to Other Funds	571,831.59		571,831.59
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>4,742,825.23</u>	<u>-</u>	<u>4,742,825.23</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(6,317.00)		(6,317.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(6,317.00)</u>	<u>-</u>	<u>(6,317.00)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	241.95	241.95
Balance - Beginning of Year	-	22,568.51	22,568.51
Balance - End of Year	<u>\$ -</u>	<u>\$ 22,810.46</u>	<u>\$ 22,810.46</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (4,744,303.87)	\$ (1,258.05)	\$ (4,745,561.92)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	36,699.00		36,699.00
(Increase) Decrease in Inventories	1,655.17		1,655.17
Increase (Decrease) in Accounts Payable	30,638.53		30,638.53
(Increase) Decrease in Accounts Receivable	(61,197.06)	1,500.00	(59,697.06)
Total Adjustments	<u>7,795.64</u>	<u>1,500.00</u>	<u>9,295.64</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (4,736,508.23)</u>	<u>\$ 241.95</u>	<u>\$ (4,736,266.28)</u>

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Assets**  
**June 30, 2012**

	Expendable Trusts	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 471,943.16	\$ 312,512.50
Total Assets	\$ 471,943.16	\$ 312,512.50
 <b>LIABILITIES</b>		
Payable to Student Groups	\$ -	\$ 196,164.29
Accounts Payable	39,299.35	
Payroll Deductions and Withholdings	20,606.93	116,348.21
Total Liabilities	59,906.28	\$ 312,512.50
 <b>NET ASSETS</b>		
Held in Trust for Unemployment Claims and Other Purposes	321,297.65	
Reserved for Scholarships	90,739.23	
Total Net Assets	\$ 412,036.88	

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2012**

	<u>Expendable Trusts</u>
<b>ADDITIONS</b>	
Contributions:	
Donations	\$ 3,325.00
Employee Withholdings	189,594.51
Total Contributions	<u>192,919.51</u>
Investment Earnings:	
Interest	1,400.97
Net Investment Earnings	<u>1,400.97</u>
Total Additions	<u>194,320.48</u>
<b>DEDUCTIONS</b>	
Scholarships Awarded	10,497.00
Unemployment Claims	165,811.25
Quarterly Contributions	95,860.97
Total Deductions	<u>272,169.22</u>
Changes in Net Assets	(77,848.74)
Net Assets - Beginning of the Year	489,885.62
Net Assets - End of the Year	<u>\$ 412,036.88</u>

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

The financial statements of the Board of Education (Board) of City of Atlantic City School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (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. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity**

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is a Type II district located in Atlantic County. The Board consists of members elected to three-year terms. The purpose of the district is to educate students in grades Preschool through Grade 12. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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.

**B. Basis of Presentation, Measurement Focus and Basis of Accounting**

**Basis of Presentation**

The School District's basic financial statements consist of District-wide statements (i.e. statement of net assets and a statement of activities) and fund financial statements, which provide a more detailed level of financial information.

*District-Wide Financial Statements:* The statement of net assets and the statement of activities display information about the district as a whole. These statements report the financial activities of the overall District, except for fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by property taxes, intergovernmental revenues, and other non-exchange transactions from business-type activities, generally financed in whole or in part with fees charged to external parties.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued**

**Basis of Presentation - Continued**

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges and fees paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing, or draws from the general revenues of the School District.

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education ("Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**Governmental Funds**

The District reports the following governmental funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued**

**Basis of Presentation - Continued**

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Permanent Fund – The Permanent Fund is used to accumulate resources for District students.

Proprietary Funds

The District reports the following proprietary fund:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations – where the intent of the District is that the costs of providing goods or services be financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund and the Reading Recovery Fund.

Fiduciary Funds

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance Trust and the Scholarship Fund.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued**

**Basis of Presentation - Continued**

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**Measurement Focus and Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The District applies only those applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 in accounting and reporting for its proprietary operations.

**C. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Budgets/Budgetary Control - Continued**

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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 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

**D. Encumbrance Accounting**

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.

**E. Assets, Liabilities and Equity**

**Cash, Cash Equivalents and Investments**

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Cash, Cash Equivalents and Investments - Continued

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the 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.

Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories

Inventories, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Inventories in the Enterprise Fund are recorded at cost, computed on a first-in, first out method. In the fund based financial statements, commodities received from the U.S. Department of Agriculture are recorded as deferred revenue until consumed.

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for equipment.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Compensated Absences

The District accounts for compensated absences (e.g., unused sick, vacation leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". 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.

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. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions, which limit these payouts to \$15,000 per employee.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the School District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified governmental fund balances as follows;

- Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education, Superintendent or Business Administrator.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Revenues – Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue is recognized in the period in which the income is earned. Revenue from grants, entitlement, and donations is recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes as an advance, interest and tuition.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**F. Recent Accounting Pronouncements**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" to improve financial reporting related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. This statement will become effective for fiscal periods beginning after December 15, 2011. This statement is not anticipated to have any effect on the District's financial reporting.

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position". The statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This statement is not anticipated to have any effect on the District's financial reporting.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 64 "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53". This statement, which is effective for fiscal periods beginning after June 15, 2011, is not anticipated to have any effect on the District's financial reporting.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

GASB Statement No. 3 amended by Statement No. 40 requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments.

The cash deposits not covered by depository insurance held at financial institutions are categorized as follows:

- a. Deposits are uncollateralized.
- b. Deposits are collateralized with securities held by the pledging financial institution.
- c. Deposits collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

At June 30, 2012, the carrying amount of the District's deposits (cash and cash equivalents) was \$59,346,665.62 and the bank balance was \$64,861,675.25.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The State of New Jersey has certain collateral requirements for governmental units. These requirements are disclosed in detail as part of Note 1E.

As of June 30, 2012, the District's bank balance was exposed to custodial credit risk as follows:

	Cash and Cash Equivalents
FDIC Insured	\$ 250,000.00
GUDPA Insured	59,176,652.10
Uninsured	5,435,023.15
	\$ 64,861,675.25

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 3 – RECEIVABLES**

Receivables at June 30, 2012, consisted of accounts (tuition, taxes and other), interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>		<u>Government Wide Financial Statements</u>
State and Federal Aid	\$ 1,813,569.23	\$	2,687,506.07
Tuition	525,566.37		525,566.37
Other	<u>20,242.50</u>		<u>37,465.61</u>
Gross Receivables	2,359,378.10		3,250,538.05
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$ 2,359,378.10</u>	\$	<u>3,250,538.05</u>

**NOTE 4 – INVENTORY**

Inventory in the Food Service Enterprise Fund at June 30, 2012, consisted of the following:

Food	\$ 36,106.69
Supplies	<u>10,506.27</u>
	<u>\$ 46,612.96</u>

**NOTE 5 – DEFERRED BOND ISSUANCE COSTS**

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (24 years) for the 2012 Build America Bonds, (3 years) for the 2011 Refunding Bonds, (25 years) for the 2012 School Bonds and (9 years) for the 2012 Refunding Bonds. The costs associated with the issues are \$766,038.27. Amortization expense for the year ended June 30, 2012 was \$22,718.42. The balance of deferred bond issuance costs at June 30, 2012 for all issues is \$743,319.85.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 17,817,780.00	\$	\$	\$ 17,817,780.00
Construction in Progress	64,877,264.90	5,288,417.12		70,165,682.02
Total capital assets not being depreciated	<u>82,695,044.90</u>	<u>5,288,417.12</u>	<u>-</u>	<u>87,983,462.02</u>
Capital assets being depreciated:				
Buildings and building improvements	117,013,583.00			117,013,583.00
Equipment	13,018,205.00	581,152.61		13,599,357.61
Total capital assets being depreciated at historical cost	<u>130,031,788.00</u>	<u>581,152.61</u>	<u>-</u>	<u>130,612,940.61</u>
Less accumulated depreciation for:				
Buildings and improvements	(42,598,117.00)	(2,706,175.00)		(45,304,292.00)
Equipment	(11,413,028.00)	(500,891.00)		(11,913,919.00)
Total capital assets being depreciated, net of accumulated depreciation	<u>76,020,643.00</u>	<u>(2,625,913.39)</u>	<u>-</u>	<u>73,394,729.61</u>
Governmental activity capital assets, net	<u>\$ 158,715,687.90</u>	<u>\$ 2,662,503.73</u>	<u>\$ -</u>	<u>\$ 161,378,191.63</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Equipment	\$ 1,110,341.00	\$ 6,317.00	\$ 75,474.00	\$ 1,192,132.00
Less accumulated depreciation	(860,771.00)	(36,699.00)	(79,501.00)	(976,971.00)
Enterprise Fund capital assets, net	<u>\$ 249,570.00</u>	<u>\$ (30,382.00)</u>	<u>\$ (4,027.00)</u>	<u>\$ 215,161.00</u>

Depreciation is charged to governmental functions as follows:

Regular Instruction	\$ 1,212,155.52
Special Education	350,626.83
Other Special Instruction	430,658.37
Student & Instructional Related Services	443,650.57
General Administrative Services	63,404.73
School Administrative Services	153,539.41
Plant Operation & Maintenance	498,550.45
Central Services	54,480.12
	<u>\$ 3,207,066.00</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 7 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2012 are as follows:

	Balance June 30, 2011	Issues or Additions	Payments or Expenditures	Balance June 30, 2012	Amounts Due Within One Year
Compensated Absences	\$ 2,089,492.50	\$	\$ 640,485.00	\$ 1,449,007.50	\$
Certificates of Participation	3,305,000.00		1,065,000.00	2,240,000.00	1,105,000.00
Bonds Payable	128,706,000.00	235,000.00	10,815,000.00	118,126,000.00	11,050,000.00
Unamortized Costs:					
Bond Premium	304,724.35		73,794.29	230,930.06	
Loss on Bond Refunding	(170,120.95)	(144,855.00)	(27,650.19)	(287,325.76)	
	<u>\$ 134,235,095.90</u>	<u>\$ 90,145.00</u>	<u>\$ 12,566,629.10</u>	<u>\$ 121,758,611.80</u>	<u>\$ 12,155,000.00</u>

Compensated absences and capital leases will be liquidated in the General Fund.

**Bonds Payable**

Bonds are authorized, in accordance with State law, by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

**Description of Bonds Payable**

At June 30, 2012, bonds payable consisted of the following issues:

\$54,350,000 Refunding Bond dated October 15, 1997 payable in annual installments beginning December 1, 2004 and continuing through December 1, 2015. Interest is payable semiannually at rates varying from 5.875% to 6.1%. The remaining balance as of June 30, 2012 was \$17,550,000.

\$9,255,000 taxable bonds issued to refund the present value of the Early Retirement Incentive Programs of the Board of Education dated October 15, 2002 payable in annual installments beginning July 15, 2004 and continuing through July 15, 2020. Interest is payable semiannually at rates varying from 5.17 to 5.80%. \$4,995,000 was refunding during 2012 through the issuance of a \$5,230,000 Refunding Bond. The remaining balance as of June 30, 2012 was \$475,000.

\$11,240,000 Refunding Bonds, bonds dated January 15, 2008 payable in annual installments through July 15, 2016. Interest is payable semiannually at rates varying from 5.17% to 5.80%. The remaining balance as of June 30, 2012 is \$10,095,000.

\$50,321,000 taxable Build America Bonds, bonds dated July 30, 2009 payable in annual installments through July 15, 2034. Interest is payable semiannually at rates varying from 2.50% to 7.13%. These bonds will receive a federal subsidy equal to 35% of the interest due annually. The remaining balance as of June 30, 2012 is \$49,201,000.

\$9,655,000 Refunding Bonds, bonds dated December 10, 2009 payable in annual installments through July 15, 2013. Interest is payable semiannually at rates varying from 3.00% to 3.50%. The remaining balance as of June 30, 2012 is \$6,400,000.

\$30,000,000 School Bonds, bonds dated March 1, 2011 payable in annual installments through April 1, 2034. Interest is payable semiannually at rates varying from 5.00% to 6.0%. The remaining balance as of June 30, 2012 is \$29,175,000.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 7 – LONG-TERM OBLIGATIONS – Continued**

**Description of Bonds Payable - Continued**

\$5,230,000 Refunding Bonds, bonds dated February 16, 2012 payable in annual installments through July 15, 2020. Interest is payable semiannually at rates varying from 1.310% to 4.093%. The remaining balance as of June 30, 2012 is \$5,230,000.

\$4,375,000 Refunding Certificates of Participations dated August 12, 2010 payable in annual installments through May 1, 2014. Interest is payable semiannually at variable rates from 3.0% to 2.0%. The Certificates of Participation were issued for the purpose of certain capital improvements. The remaining balance as of June 30, 2012 was \$2,240,000.

**Refunding Bonds and Certificates of Participation Issued**

On February 16, 2012, the District issued \$5,230,000 in Refunding School Bonds (Pension Series 2012) to advance refund \$4,995,000 of outstanding 2002 refunding school bonds (Pension Series 2002) with a higher interest rate. The net proceeds of \$5,230,000 and net of payments of \$90,145.00 in underwriting fees and issuance costs were used to redeem the callable principal and accrued interest maturing on or after July 15, 2013.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds of \$144,855. The difference, reported in the accompanying financial statements as a deduction from the bonds payable, is being charged to operations through the fiscal year 2020 using the Bonds Outstanding Method.

On August 12, 2010, the District issued \$4,375,000 in Refunding Certificates of Participation to advance refund \$4,220,000 of outstanding 1999 Certificates of Participation with a higher interest rate. The net proceeds of \$4,427,224.95, including a premium on the bonds of \$52,224.95 and net of payments of \$85,652.16, in underwriting fees and issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments until the call date at which time the escrow will have sufficient funds to pay the principal of the 2001 bonds, when due.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds of \$140,668.61. The difference, reported in the accompanying financial statements as a deduction from the bonds payable, is being charged to operations through the fiscal year 2010 using the Bonds Outstanding Method.

On December 10, 2009, the District issued \$9,655,000 in Refunding School Bonds to advance refund \$9,575,000 of outstanding 2001 school bonds with a higher interest rate. The net proceeds of \$10,114,705.25, including a premium on the bonds of \$459,705.25 and net of payments of \$111,327.81 in underwriting fees and issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments until the call date at which time the escrow will have sufficient funds to pay the principal of the 2001 bonds, when due.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds of \$279,206.25. The difference, reported in the accompanying financial statements as a deduction from the bonds payable, is being charged to operations through the fiscal year 2018 using the Bonds Outstanding Method.

On December 13, 2006, the Board of Education issued Refunding Bonds in the amount of \$6,110,000.00 to refund the callable Series 2003 Bonds. The Debt retired in the amount of \$5,964,000.00 was replaced with the Refunding Issue. The required cash flow for the 2003 Bonds for Principal and Interest prior to the refunding was \$9,194,797.50 and the cash flow requirements after the refunding is \$9,024,827.73 resulting in net savings in the amount of \$169,969.77.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 7 – LONG-TERM OBLIGATIONS - Continued**

Debt service requirements on serial bonds and certificates of participation payable at June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 12,155,000.00	\$ 6,275,272.50	\$ 18,430,272.50
2014	12,290,000.00	5,728,050.00	18,018,050.00
2015	10,985,000.00	5,173,012.50	16,158,012.50
2016	9,680,000.00	4,652,881.25	14,332,881.25
2017	5,560,000.00	4,288,427.50	9,848,427.50
2018-2022	16,575,000.00	19,064,047.50	35,639,047.50
2023-2027	17,055,000.00	14,561,075.00	31,616,075.00
2028-2032	21,300,000.00	8,712,436.25	30,012,436.25
2033-2035	14,766,000.00	1,671,300.00	16,437,300.00
	<u>\$ 120,366,000.00</u>	<u>\$ 70,126,502.50</u>	<u>\$ 190,492,502.50</u>

Operating Leases

The District has commitments to lease office space under a non-cancelable lease and copiers. Total costs for such leases during the year ended June 30, 2012 were \$612,817.57 and \$236,041.29, respectively. The future minimum lease payments for this lease are as follows:

Fiscal Year Ending June 30,	Office Payments	Copier Payments	Total Payments
2013	\$ 641,443.89	\$ 285,666.36	\$ 927,110.25
2014	667,101.64	277,176.36	944,278.00
2015		220,502.60	220,502.60
2016		143,736.78	143,736.78
2017		126,459.74	126,459.74
Total minimum lease payments	<u>\$ 1,308,545.53</u>	<u>\$ 1,053,541.84</u>	<u>\$ 2,362,087.37</u>

**NOTE 8 – PENSION PLANS**

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program 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 the 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.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 8 – PENSION PLANS - Continued**

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 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 of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 8 – PENSION PLANS - Continued**

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) that changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - 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 actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF. The School District's contributions to TPAF for the years ending June 30, 2012, 2011 and 2010 were \$0, \$0, and \$0 respectively, and paid by the State of New Jersey on behalf of the board. The State of New Jersey did not make the required contributions for the last three years. The School District's contributions to PERS for the years ending June 30, 2012, 2011, 2010 were \$1,489,362.00, \$1,379,199.00, and \$1,028,602.00 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2012, 2011 and 2010, the State of New Jersey contributed \$5,697,628.00, \$4,024,930.00 and \$3,794,845.00, respectively, to the TPAF for post-retirement medical benefits and NCGI Premium on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$4,600,001.80, \$4,485,548.42 and \$4,484,304.48 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 9 – POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits 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.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. 2019, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through 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, 2011, there were 93,323 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.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 9 – POST-RETIREMENT BENEFITS - Continued**

The State is also responsible for the cost attributable to P.L. 1992 c. 126 which provides free health benefits for members PERS and the Alternative Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**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 vacation and sick leave in varying amounts under the District's personnel policies. 10 month employees earn 10 days of sick leave a year. 12 month employees earn 12 days of sick leave a year. Sick leave can be accumulated and used as needed in subsequent years. All employees retiring from the District with over 20 years of continuous service shall be eligible for a retirement bonus of up to \$15,000 based on the District's policy.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

**NOTE 11 – DEFERRED COMPENSATION**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by outside entities permit 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:

- Valic
- ABCO – ING 403(b) Plan
- Siracusa Benefits
- Equitable
- Lincoln Investment Planning, Inc.
- Wachovia Securities

**Note 12 - COMMITMENTS AND CONTINGENCIES**

During the normal course of operations, lawsuits are frequently brought against the District.

The Worker Compensation report, prepared by the District's other consultant, indicated current claims of approximately \$4,900,000. This Reserve is underfunded without including an IBNR calculation, by over \$1,850,000. Based on verification by the District's Insurance Broker the loss reserves include an adequate basis for estimating potential liabilities to the District at June 30, 2012. Also, estimates of payments to be made in fiscal year 2013 were included in the District's 2013 budget.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 13 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the district carries commercial insurance, with the exception of workers compensation.

**Property and Liability Insurance** – The City is self insured for workers compensation. The City has commercial coverage for surety bonds and employee health insurance.

The following is the activity for the years ended June 30,

	<u>2012</u>	<u>2011</u>
	<u>Worker Compensation</u>	<u>Worker Compensation</u>
Beginning of Year:		
Unencumbered Reserve	\$ 2,819,458.41	\$ 2,912,541.37
Encumbrances/Payables		
Other	137,623.02	-
Funded by Budget Appropriation	<u>1,326,150.00</u>	<u>1,066,868.97</u>
	<u>4,283,231.43</u>	<u>3,979,410.34</u>
Paid	1,241,781.63	1,159,951.93
End of Year	<u>\$ 3,041,449.80</u>	<u>\$ 2,819,458.41</u>
Analysis of Balance		
Unencumbered Reserve	\$ 3,041,449.80	\$ 2,819,458.41
Encumbrances/Payables		
	<u>\$ 3,041,449.80</u>	<u>\$ 2,819,458.41</u>

**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. The District is billed quarterly for amounts due to the State. The following 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 prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 1,111.24	\$ 189,594.51	\$ (261,672.22)	\$ 321,297.65
2010-2011	1,696.89	193,451.07	(297,608.44)	392,264.12
2009-2010	49,444.84	187,459.80	(219,736.04)	494,724.60

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 14 – INTERFUNDS**

The following interfund balances remained on the balance sheet at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,627,282.65	\$
Special Revenue Fund		864,897.20
Capital Projects Fund		20,023.29
Food Service Fund		742,362.16
	\$ 1,627,282.65	\$ 1,627,282.65

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. The fund financial interfunds were eliminated in the governmental-wide statements. In addition, the general fund made a permanent interfund transfer to the enterprise fund to cover accumulated deficits in the District food service program in the amount of \$250,000.00.

**NOTE 15 – CAPITAL RESERVE ACCOUNT**

The Board of Education established a capital reserve account during the 2000 / 2001 year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. There is a total balance of \$4,327,570.32 at June 30, 2012.

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 account 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-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its LRFP.

The activity of the capital reserve account is as follows:

Balance June 30, 2011		\$ 4,326,070.32
Interest Earnings	\$ <u>1,500.00</u>	<u>1,500.00</u>
		4,327,570.32
Withdrawals:		
2011 / 2012 Budget	\$ <u>-</u>	<u>-</u>
		<u>-</u>
Balance June 30, 2012		\$ <u><u>4,327,570.32</u></u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 16 – CONTINGENT LIABILITIES**

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance would result in the disallowance of program expenditures.

**NOTE 17 – FUND BALANCE**

Restrictions of funds balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used be spent first when expenditures are made.

Specific classifications of fund balance are summarized below;

Non-Spendable Fund Balance – The District had two no non-spendable endowment funds at June 30, 2012. The Dr. Amaza L. Lockett fund contained \$6,683.62 and the Carrie Rothschild Memorial Fund contained \$4,927.18.

Restricted Fund Balance

Reserve for Excess Surplus – There was excess fund balance in the amount of \$11,165,924.21 at June 30, 2012. This amount will be appropriated as revenue in support of the 2013-14 School Budget.

Reserve for Excess Surplus Designated – There was excess fund balance from the previous year in the amount of \$8,871,641.08 at June 30, 2012. This amount has been appropriated as revenue in support of the 2012-13 School Budget.

Maintenance Reserve Account – There is a \$1,500,500 balance in the maintenance reserve account at June 30, 2012. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Capital Reserve Account – There is a \$4,327,570.32 balance in the capital reserve account at June 30, 2012. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan (LRFP).

Emergency Reserve Account – There is a \$500,000 balance in the emergency reserve account at June 30, 2012. These funds are restricted to fund expenditures unforeseen when any particular year's budget was created.

Special Revenue Fund Deficit – The \$235,712 Special Revenue Fund Deficit in Fund Balance represents the deferral, by the State of New Jersey, of the final two State Aid Payments for the 2011 / 2012 school year. This deficit will be reversed in the subsequent year.

Capital Projects - \$5,288,417.12 is restricted for expenditures related to the Projects authorized by the 2009 Referendum.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 17 – FUND BALANCE - Continued**

Debt Service – \$235,364.00 will be utilized in the 2012-13 School Budget for Debt Service.

Committed Fund Balance - The District's Committed Fund balance for other purposes of \$4,138,405.71 consists of encumbrances in the amount of \$3,848,405.71 and \$290,000.00 reserved to pay future death benefits for employees.

Assigned Fund Balance – At June 30, 2012, the Board of School Estimates has assigned \$2,520,099.92 of general and debt service fund balances to expenditures in the 2012-13 budget.

Unassigned Fund Balance – At June 30, 2012, the District has \$2,149,969.12 of unassigned fund balance in the general fund.

**NOTE 18 – CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount of budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$11,165,924.21.

**NOTE 19 – ECONOMIC DEPENDENCY**

The District is heavily reliant on local property taxation to fund the District operations and debt service. Property taxes funded 72% of the Districts 2011-2012 governmental operations. Properties in one industry, the gaming industry, are responsible for almost 65% of the tax revenue to the District.

**NOTE 20 – LITIGATION**

The District is a defendant in several other legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Board, from such litigation is either unknown or potential losses, if any, would be covered by insurance or not be material to the financial statements.

**NOTE 21 – SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2012 through October 20, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to attention of the District that would require disclosure.

**Required Supplementary Information – Part II**

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# **Budgetary Comparison Schedules**

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 117,535,530.00	\$ -	\$ 117,535,530.00	\$ 117,535,530.00	\$ -
Tuition	11,852,843.00		11,852,843.00	11,987,016.34	134,173.34
Interest Earned on Reserve Funds			-	306,911.67	306,911.67
Miscellaneous Revenues	447,000.00		447,000.00	1,327,767.45	880,767.45
<b>Total Local Sources</b>	<b>129,835,373.00</b>	<b>-</b>	<b>129,835,373.00</b>	<b>131,157,225.46</b>	<b>1,321,852.46</b>
State Sources:					
Categorical Transportation Aid	1,222,942.00		1,222,942.00	1,222,942.00	-
Categorical Special Education Aid	3,310,546.00		3,310,546.00	3,310,546.00	-
Categorical Security Aid	2,391,001.00		2,391,001.00	2,391,001.00	-
Adjustment Aid	8,291,224.00		8,291,224.00	9,739,328.00	1,448,104.00
Extraordinary Aid			-	624,477.00	624,477.00
Additional Non Public Transportation Aid			-	13,050.00	13,050.00
TPAF Pension (On-Behalf - Non-Budgeted)				5,697,628.00	5,697,628.00
TPAF Social Security (Reimbursed-Non-Budgeted)			-	4,600,001.80	4,600,001.80
<b>Total State Sources</b>	<b>15,215,713.00</b>	<b>-</b>	<b>15,215,713.00</b>	<b>27,598,973.80</b>	<b>12,383,260.80</b>
Federal Sources:					
Impact Aid	19,500.00	28,723.25	48,223.25	28,723.25	(19,500.00)
SEMI	171,371.00		171,371.00	133,260.31	(38,110.69)
Education Jobs Fund	695,940.00	21,802.00	717,742.00	661,810.22	(55,931.78)
<b>Total Federal Sources</b>	<b>886,811.00</b>	<b>50,525.25</b>	<b>937,336.25</b>	<b>823,793.78</b>	<b>(113,542.47)</b>
<b>Total Revenues</b>	<b>145,937,897.00</b>	<b>50,525.25</b>	<b>145,988,422.25</b>	<b>159,579,993.04</b>	<b>13,591,570.79</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>REGULAR PROGRAMS - INSTRUCTION</b>					
Preschool / Kindergarten - Salaries of Teachers					
Teachers	1,889,270.00	33,904.00	1,923,174.00	1,896,081.83	27,092.17
Grades 1 - 5 Salaries of Teachers	10,814,121.00	(580,000.00)	10,234,121.00	10,115,953.64	118,167.36
Grades 6 - 8 Salaries of Teachers	5,046,233.00	308,898.00	5,355,131.00	5,292,314.30	62,816.70
Grades 9 - 12 Salaries of Teachers	10,555,665.00	(38,420.00)	10,517,245.00	10,310,223.06	207,021.94
Regular Programs - Home Instruction					
Salaries of Teachers	1,289,000.00	(200,465.32)	1,088,534.68	962,899.80	125,634.88
Other Salaries for Instruction	950,000.00	189,465.32	1,139,465.32	1,139,465.32	-
Purchased Professional - Education Services	50,000.00	11,000.00	61,000.00	35,871.63	25,128.37
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	851,586.00	115,707.00	967,293.00	956,481.54	10,811.46
Purchased Professional - Education Services	146,766.00	90,431.52	237,197.52	186,878.85	50,318.67
Purchased Technical Services	1,019,003.00	59,592.97	1,078,595.97	998,667.19	79,928.78
Other Purchased Services (400-500 series)	384,991.00	3,505.00	388,496.00	222,322.30	166,173.70
General Supplies	2,632,294.40	(47,298.37)	2,584,996.03	2,370,481.03	214,515.00
Textbooks	228,723.00	(37,991.39)	190,731.61	135,446.25	55,285.36
Other Objects	42,750.00	8,005.00	50,755.00	29,392.81	21,362.19
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>35,900,402.40</b>	<b>(83,666.27)</b>	<b>35,816,736.13</b>	<b>34,652,479.55</b>	<b>1,164,256.58</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Learning and/or Language Disabilities					
Salaries of Teachers	70,402.00	2,441.00	72,843.00	72,843.00	-
Other Salaries for Instruction	35,676.00	21,061.00	56,737.00	56,737.00	-
Purchased Technical Services	-		-	-	-
General Supplies	3,000.00		3,000.00	934.57	2,065.43
<b>Total Learning and/or Language Disabilities</b>	<b>109,078.00</b>	<b>23,502.00</b>	<b>132,580.00</b>	<b>130,514.57</b>	<b>2,065.43</b>
Cognitive Mild					
Salaries of Teachers	299,539.00	(4,732.00)	294,807.00	294,807.00	-
Other Salaries for Instruction	96,841.00	6,525.00	103,366.00	80,779.00	22,587.00
Other Purchased Services (400-500 series)	2,000.00		2,000.00	64.00	1,936.00
General Supplies	2,000.00		2,000.00	1,175.73	824.27
Other Objects	5,000.00		5,000.00	2,571.04	2,428.96
<b>Total Cognitive Mild</b>	<b>405,380.00</b>	<b>1,793.00</b>	<b>407,173.00</b>	<b>379,396.77</b>	<b>27,776.23</b>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Cognitive Moderate</b>					
Salaries of Teachers	\$ 707,591.00	\$ (10,324.55)	\$ 697,266.45	\$ 690,358.85	\$ 6,907.60
Other Salaries for Instruction	285,405.00	(29,675.45)	255,729.55	252,048.74	3,680.81
Purchased Technical Services			-		-
General Supplies	2,000.00		2,000.00	1,823.39	176.61
Other Objects			-		-
<b>Total Cognitive Moderate</b>	<b>994,996.00</b>	<b>(40,000.00)</b>	<b>954,996.00</b>	<b>944,230.98</b>	<b>10,765.02</b>
<b>Auditory Impairments</b>					
Salaries of Teachers	159,713.00	(36,324.00)	123,389.00	112,189.00	11,200.00
Other Salaries for Instruction	116,107.00	62,524.00	178,631.00	178,604.23	26.77
Purchased Technical Services	15,000.00		15,000.00		15,000.00
General Supplies	8,000.00		8,000.00	4,996.02	3,003.98
<b>Total Auditory Impairments</b>	<b>298,820.00</b>	<b>26,200.00</b>	<b>325,020.00</b>	<b>295,789.25</b>	<b>29,230.75</b>
<b>Behavioral Disabilities</b>					
Salaries of Teachers	186,968.00	(6,283.00)	180,685.00	180,685.00	-
Other Salaries for Instruction	39,892.00	846.00	40,738.00	27,904.19	12,833.81
Other Purchased Services (400-500 series)			-		-
General Supplies	3,000.00		3,000.00	749.38	2,250.62
<b>Total Behavioral Disabilities</b>	<b>229,860.00</b>	<b>(5,437.00)</b>	<b>224,423.00</b>	<b>209,338.57</b>	<b>15,084.43</b>
<b>Autism</b>					
Salaries of Teachers	102,046.00		102,046.00	100,124.00	1,922.00
Other Salaries for Instruction	145,019.00	(18,517.00)	126,502.00	126,325.28	176.72
Purchased Technical Services	32,000.00	(16,000.00)	16,000.00	1,257.76	14,742.24
General Supplies	11,000.00		11,000.00	2,159.17	8,840.83
<b>Total Autism</b>	<b>290,065.00</b>	<b>(34,517.00)</b>	<b>255,548.00</b>	<b>229,866.21</b>	<b>25,681.79</b>
<b>Multiple Disabilities</b>					
Salaries of Teachers	366,532.00	13,913.00	380,445.00	380,445.00	-
Other Salaries for Instruction	155,901.00	(17,490.00)	138,411.00	134,160.86	4,250.14
General Supplies	2,000.00		2,000.00	895.98	1,104.02
<b>Total Multiple Disabilities</b>	<b>524,433.00</b>	<b>(3,577.00)</b>	<b>520,856.00</b>	<b>515,501.84</b>	<b>5,354.16</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	6,397,961.00	221,000.00	6,618,961.00	6,550,197.42	68,763.58
Other Salaries for Instruction	117,026.00	(40,000.00)	77,026.00	72,138.65	4,887.35
General Supplies	13,026.00	15,000.00	28,026.00	25,098.25	2,927.75
<b>Total Resource Room/Resource Center</b>	<b>6,528,013.00</b>	<b>196,000.00</b>	<b>6,724,013.00</b>	<b>6,647,434.32</b>	<b>76,578.68</b>
<b>Preschool Disabilities -Full-Time</b>					
Salaries of Teachers	439,182.00	(17,547.00)	421,635.00	413,345.91	8,289.09
Other Salaries for Instruction	262,069.00	(9,946.00)	252,123.00	236,991.18	15,131.82
Purchased Technical Services	6,000.00		6,000.00		6,000.00
Other Purchased Services (400-500 series)	3,000.00		3,000.00	1,649.11	1,350.89
General Supplies	20,000.00	1,000.00	21,000.00	19,195.94	1,804.06
Other Objects	1,200.00		1,200.00	285.00	915.00
<b>Total Preschool Disabilities - Full-Time</b>	<b>731,451.00</b>	<b>(26,493.00)</b>	<b>704,958.00</b>	<b>671,467.14</b>	<b>33,490.86</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>10,112,096.00</b>	<b>137,471.00</b>	<b>10,249,567.00</b>	<b>10,023,539.65</b>	<b>226,027.35</b>
<b>Basic Skills / Remedial Instruction</b>					
Salaries of Teachers	3,663,513.00	738,800.00	4,402,313.00	4,172,094.17	230,218.83
<b>Total Basic Skills / Remedial Instruction</b>	<b>3,663,513.00</b>	<b>738,800.00</b>	<b>4,402,313.00</b>	<b>4,172,094.17</b>	<b>230,218.83</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	3,511,818.00	138,187.65	3,650,005.65	3,521,783.47	128,222.18
Other Salaries for Instruction	73,564.00	10,654.00	84,218.00	84,218.00	-
Purchased Professional Educational Services			-		-
Other Purchased Services (400-500 series)			-		-
General Supplies	67,390.63	14,498.35	81,888.98	79,389.35	2,499.63
Textbooks	25,000.00	(25,000.00)	-		-
<b>Total Bilingual Education - Instruction</b>	<b>3,677,772.63</b>	<b>138,340.00</b>	<b>3,816,112.63</b>	<b>3,685,390.82</b>	<b>130,721.81</b>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
School-Sponsored Co/Extra-Curr. Activities - Instruction					
Salaries	\$ 328,045.00	\$ (17,145.98)	\$ 310,899.02	\$ 310,899.02	\$ -
Purchased Services (300-500 series)	15,000.00	7,166.83	22,166.83	17,214.37	4,952.46
General Supplies	40,776.95	14,520.55	55,297.50	33,512.25	21,785.25
Other Objects	1,800.00	6,585.00	8,385.00	8,385.00	-
<b>Total School-Spon. Cocurricular Activities - Inst.</b>	<b>385,621.95</b>	<b>11,126.40</b>	<b>396,748.35</b>	<b>370,010.64</b>	<b>26,737.71</b>
School-Spon. Cocurricular Athletics - Instruction					
Salaries	369,171.00	(4,856.06)	364,314.94	345,338.17	18,976.77
Purchased Services (300-500 series)	139,650.00	810.17	140,460.17	129,840.24	10,619.93
Supplies and Materials	168,000.00	1,189.83	169,189.83	152,113.70	17,076.13
Other Objects	39,200.00		39,200.00	20,000.00	19,200.00
<b>Total School-Spon. Cocurricular Athletics - Inst.</b>	<b>716,021.00</b>	<b>(2,856.06)</b>	<b>713,164.94</b>	<b>647,292.11</b>	<b>65,872.83</b>
Other Instructional Programs - Instruction					
Salaries	186,634.00	7,076.00	193,710.00	134,292.32	59,417.68
Travel			-		-
Other Objects			-		-
<b>Total Other Instructional Programs - Instruction</b>	<b>186,634.00</b>	<b>7,076.00</b>	<b>193,710.00</b>	<b>134,292.32</b>	<b>59,417.68</b>
Alternative Education Program - Instruction					
Teachers Salaries	1,100,440.00	(100,000.00)	1,000,440.00	867,440.82	132,999.18
Purchased Professional / Technical Services	5,000.00	5,000.00	10,000.00	2,650.00	7,350.00
Other Purchased Services (400-500 series)	3,000.00		3,000.00	1,185.00	1,815.00
General Supplies	53,000.00	(12,200.00)	40,800.00	21,884.31	18,915.69
Textbooks	15,000.00	(5,000.00)	10,000.00	954.57	9,045.43
Other Objects	13,000.00		13,000.00	7,514.62	5,485.38
<b>Total Alternative Education Program - Instruction</b>	<b>1,189,440.00</b>	<b>(112,200.00)</b>	<b>1,077,240.00</b>	<b>901,629.32</b>	<b>175,610.68</b>
Alternative Education Program - Support Services					
Other Salaries	269,089.00	(90,000.00)	179,089.00	174,998.00	4,091.00
Other Purchased Services (400-500 series)	8,297.00		8,297.00	7,131.80	1,165.20
General Supplies	12,000.00		12,000.00	2,858.17	9,141.83
Other Objects	2,000.00	5,000.00	7,000.00	2,178.67	4,821.33
<b>Total Alternative Education Program - Support Services</b>	<b>291,386.00</b>	<b>(85,000.00)</b>	<b>206,386.00</b>	<b>187,166.64</b>	<b>19,219.36</b>
Other Supplemental - At Risk Programs - Instruction					
Salaries of Teacher Tutors	1,965,340.00	100,000.00	2,065,340.00	1,987,008.90	78,331.10
<b>Total Other Supplemental - At Risk Programs - Instruction</b>	<b>1,965,340.00</b>	<b>100,000.00</b>	<b>2,065,340.00</b>	<b>1,987,008.90</b>	<b>78,331.10</b>
Community Services Program					
Salaries	184,179.00	(74,621.00)	109,558.00	109,558.00	-
Purchased Services (300-500 series)	38,314.00	(8,000.00)	30,314.00	26,726.06	3,587.94
Supplies & Materials	15,000.00	82,621.00	97,621.00	90,271.39	7,349.61
<b>Total Community Services Program</b>	<b>237,493.00</b>	<b>-</b>	<b>237,493.00</b>	<b>226,555.45</b>	<b>10,937.55</b>
<b>TOTAL INSTRUCTION</b>	<b>58,325,719.98</b>	<b>849,091.07</b>	<b>59,174,811.05</b>	<b>56,987,459.57</b>	<b>2,187,351.48</b>
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	965,911.72	(10,000.00)	955,911.72	835,108.66	120,803.06
Tuition to Other LEAs Within the State - Special	162,254.00	9,037.14	171,291.14	159,264.84	12,026.30
Tuition to County Voc. School Dist. - Regular	381,225.00	(97,779.00)	283,446.00	283,446.00	-
Tuition to CSSD & Regional Day Schools	2,509,160.00	(17,699.00)	2,491,461.00	2,156,326.35	335,134.65
Tuition to Private Schools for the Disabled W/I State	2,137,282.00	(309,037.14)	1,828,244.86	1,535,320.41	292,924.45
Tuition to Priv Sch Disabled & Oth LEAS-Spl, O/S	348,668.00		348,668.00	303,581.92	45,086.08
Tuition - State Facilities	1,538,039.00	17,699.00	1,555,738.00	1,555,738.00	-
Tuition - Other	111,842.00		111,842.00		111,842.00
<b>Total Undistributed Expenditures - Instruction</b>	<b>8,154,381.72</b>	<b>(407,779.00)</b>	<b>7,746,602.72</b>	<b>6,828,786.18</b>	<b>917,816.54</b>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expend. - Attend. & Social Worker					
Salaries	\$ 223,252.00	\$ -	\$ 223,252.00	\$ 219,793.40	\$ 3,458.60
Purchased Professional / Technical Services	45,000.00		45,000.00	21,346.00	23,654.00
Other Purchased Services (400-500 series)	2,000.00		2,000.00		2,000.00
Supplies & Materials	15,000.00		15,000.00	10,000.00	5,000.00
Other Objects	1,000.00		1,000.00		1,000.00
<b>Total Undist. Expend. - Attend. &amp; Social Worker</b>	<b>286,252.00</b>	<b>-</b>	<b>286,252.00</b>	<b>251,139.40</b>	<b>35,112.60</b>
Undistributed Expend. - Health Services					
Salaries	867,189.00		867,189.00	796,481.97	70,707.03
Purchased Professional and Technical Services	37,500.00		37,500.00	17,300.00	20,200.00
Other Purchased Services (400-500 series)	5,041.00		5,041.00	2,740.20	2,300.80
Supplies & Materials	40,000.00	(2,895.00)	37,105.00	32,627.71	4,477.29
Other Objects	1,000.00		1,000.00	115.36	884.64
<b>Total Undistributed Expend. - Health Services</b>	<b>950,730.00</b>	<b>(2,895.00)</b>	<b>947,835.00</b>	<b>849,265.24</b>	<b>98,569.76</b>
Undist. Expend. - Other Support Serv. Students - Related Services					
Salaries	572,471.00		572,471.00	516,531.50	55,939.50
Purchased Professional - Education Services	61,600.00		61,600.00	35,000.00	26,600.00
Supplies & Materials	15,000.00	1,000.00	16,000.00	14,855.30	1,144.70
Other Objects			-		-
<b>Total Undist. Expend. - Other Support Services Student - Related Services</b>	<b>649,071.00</b>	<b>1,000.00</b>	<b>650,071.00</b>	<b>566,386.80</b>	<b>83,684.20</b>
Undist. Expend. - Guidance					
Regular					
Salaries of Other Professional Staff	2,528,992.00	(79,988.82)	2,449,003.18	2,395,685.00	53,318.18
Salaries of Secretarial and Clerical Assistance	139,925.00		139,925.00	135,655.00	4,270.00
Other Salaries	90,500.00	8,577.86	99,077.86	98,654.23	423.63
Purchased Professional - Education Services	45,400.00	(4,060.00)	41,340.00	25,303.32	16,036.68
Other Purchased Prof. and Tech. Services	69,000.00	33,450.94	102,450.94	84,862.78	17,588.16
Other Purchased Services (400-500 series)	21,780.00	(3,000.00)	18,780.00	15,678.28	3,101.72
Supplies and Materials	113,400.00		113,400.00	46,827.89	66,572.11
Other Objects	1,000.00		1,000.00	118.80	881.20
<b>Total Undist. Expend. - Guidance</b>	<b>3,009,997.00</b>	<b>(45,020.02)</b>	<b>2,964,976.98</b>	<b>2,802,785.30</b>	<b>162,191.68</b>
Undist. Expend. - Child Study Team					
Special					
Salaries of Other Professional Staff	1,553,351.00	(56,000.00)	1,497,351.00	1,401,067.91	96,283.09
Salaries of Secretarial and Clerical Assistants	316,190.00	6,000.00	322,190.00	321,113.28	1,076.72
Other Salaries	120,000.00	(3,577.86)	116,422.14	92,076.10	24,346.04
Purchased Professional - Education Services	500,000.00		500,000.00	194,759.73	305,240.27
Other Purchased Prof. and Tech. Services	5,000.00		5,000.00		5,000.00
Other Purchased Services (400-500 series)	20,976.00		20,976.00	14,949.35	6,026.65
Supplies & Materials	50,000.00	(1,000.00)	49,000.00	46,208.02	2,791.98
Other Objects	2,500.00		2,500.00		2,500.00
<b>Total Undist. Expend. - Child Study Team</b>	<b>2,568,017.00</b>	<b>(54,577.86)</b>	<b>2,513,439.14</b>	<b>2,070,174.39</b>	<b>443,264.75</b>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undist. Expend. - Instructional Staff Training					
Salaries of Supervisor of Instruction	\$ 1,498,673.00		\$ 1,498,673.00	\$ 1,411,214.38	\$ 87,458.62
Salaries of Other Professional Staff	509,279.00	(7,000.00)	502,279.00	433,956.66	68,322.34
Salaries of Secretarial and Clerical Assistants	135,529.00		135,529.00	132,358.23	3,170.77
Other Salaries	74,630.00	2,000.00	76,630.00	75,740.71	889.29
Salaries of Facilitators, Math & Literacy Coaches	1,977,464.00	120,355.00	2,097,819.00	1,976,562.47	121,256.53
Purchased Professional - Education Services	292,355.00	50,000.00	342,355.00	280,016.60	62,338.40
Other Purchased Prof. and Tech. Services	24,199.00		24,199.00		24,199.00
Other Purchased Services (400-500 series)	33,848.00		33,848.00	15,162.46	18,685.54
Supplies & Materials	237,434.63	(50,000.00)	187,434.63	119,740.04	67,694.59
Other Objects	49,620.73		49,620.73	70,016.48	8,327.50
<b>Total Undist. Expend. - Instructional Staff Training</b>	<b>4,833,032.36</b>	<b>144,078.25</b>	<b>4,977,110.61</b>	<b>4,514,768.03</b>	<b>462,342.58</b>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	810,888.00	(631.22)	810,256.78	810,256.77	0.01
Salaries of Technology Coordinators	645,760.00	35,663.04	681,423.04	675,043.30	6,379.74
Other Purchased Prof. and Tech. Services	30,346.00		30,346.00	21,482.01	8,863.99
Other Purchased Services (400-500 series)	1,294.00		1,294.00	894.00	400.00
Supplies & Materials	166,657.00	(15,960.07)	150,696.93	120,659.46	30,037.47
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>1,654,945.00</b>	<b>19,071.75</b>	<b>1,674,016.75</b>	<b>1,628,335.54</b>	<b>45,681.21</b>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	835,697.00		835,697.00	782,736.41	52,960.59
Legal Services	1,171,765.49		1,171,765.49	359,473.38	812,292.11
Audit Fees	70,000.00	2,186.25	72,186.25	72,186.25	-
Architect Fees	66,540.00	5,000.00	71,540.00	10,860.00	60,680.00
Purchased Professional Services	7,500.00		7,500.00		7,500.00
Purchased Technical Services	54,318.85		54,318.85	21,179.56	33,139.29
Communications/Telephone	415,000.00		415,000.00	323,660.44	91,339.56
BOE Other Purchased Services	20,000.00		20,000.00		20,000.00
Other Purchased Services (400-500 series)	517,286.00	(7,186.25)	510,099.75	90,135.10	419,964.65
General Supplies	80,500.00		80,500.00	12,160.86	68,339.14
BOE In House Training / Meeting Supplies	5,000.00	31,000.00	36,000.00	9,519.00	26,481.00
Judgments Against the District	250,000.00		250,000.00	2,478.74	247,521.26
Miscellaneous Expenditures	125,000.00		125,000.00	91,140.34	33,859.66
BOE Membership Dues and Fees	45,000.00		45,000.00	37,051.70	7,948.30
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>3,663,607.34</b>	<b>31,000.00</b>	<b>3,694,607.34</b>	<b>1,812,581.78</b>	<b>1,882,025.56</b>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistance Principals	2,614,488.00	42,781.81	2,657,269.81	2,568,754.49	88,515.32
Salaries of Secretarial and Clerical Assistants	1,430,688.00	33,662.19	1,464,350.19	1,464,350.19	-
Other Purchased Prof. and Tech. Services	13,939.00	(4,000.00)	9,939.00	3,900.00	6,039.00
Other Purchased Services (400-500 series)	216,740.00	(7,823.87)	208,916.13	179,904.28	29,011.85
Supplies & Materials	228,380.00	(19,763.00)	208,617.00	148,692.07	59,924.93
Other Objects	47,415.00	14,099.48	61,514.48	23,704.69	37,809.79
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>4,551,650.00</b>	<b>58,956.61</b>	<b>4,610,606.61</b>	<b>4,389,305.72</b>	<b>221,300.89</b>
Undist. Expend. - Central Services					
Salaries	1,028,127.00	(30,000.00)	998,127.00	904,562.44	93,564.56
Purchased Professional Services	90,000.00		90,000.00	47,058.55	42,941.45
Miscellaneous Purchased Services (400-500 series)	13,548.00		13,548.00	8,148.07	5,399.93
Supplies and Materials	34,082.76		34,082.76	28,022.82	6,059.94
Miscellaneous Expenditures	3,000.00		3,000.00	1,239.00	1,761.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>1,168,757.76</b>	<b>(30,000.00)</b>	<b>1,138,757.76</b>	<b>989,030.88</b>	<b>149,726.88</b>
Undist. Expend. - Admin. Info. Technology					
Salaries	277,141.00		277,141.00	276,638.93	502.07
Purchased Professional and Technical Services	338,760.00		338,760.00	227,755.16	111,004.84
Other Purchased Services (400-500 series)	14,500.00		14,500.00	8,264.00	6,236.00
Other Objects	60,386.16		60,386.16	55,561.86	4,824.30
Supplies and Materials	5,000.00		5,000.00	199.00	4,801.00
<b>Total Undistributed Expenditures - Admin Info. Tech.</b>	<b>695,787.16</b>	<b>-</b>	<b>695,787.16</b>	<b>568,418.95</b>	<b>127,368.21</b>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undist. Expend. - Required Maint. School Fac.					
Salaries	\$ 1,110,490.00	\$ (37,539.11)	\$ 1,072,950.89	\$ 1,039,871.16	\$ 33,079.73
Purchased Professional and Technical Services			-		-
Cleaning, Repair and Maintenance Service	3,292,285.14	199,298.20	3,491,583.34	2,318,218.20	1,173,365.14
General Supplies	339,514.57	20,000.00	359,514.57	241,589.55	117,925.02
Other Objects	9,500.00		9,500.00	8,883.25	616.75
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>4,751,789.71</u>	<u>181,759.09</u>	<u>4,933,548.80</u>	<u>3,608,562.16</u>	<u>1,324,986.64</u>
Undist. Expend. - Custodial Services					
Salaries	3,684,489.00	40,414.67	3,724,903.67	3,668,045.61	56,858.06
Purchased Professional and Technical Services	50,000.00	4,000.00	54,000.00	39,256.00	14,744.00
Cleaning, Repairs & Maintenance	35,000.00	(26,500.00)	8,500.00	3,812.05	4,687.95
Rental of Land, Buildings & Other than Leases	628,173.00		628,173.00	619,153.07	9,019.93
Other Purchased Property Services	330,000.00	106,500.00	436,500.00	433,657.29	2,842.71
Insurance	780,000.00	(18,000.00)	762,000.00	757,468.00	4,532.00
Miscellaneous Purchased Services	12,044.00	(4,000.00)	8,044.00	3,289.52	4,754.48
General Supplies	221,689.27	70,500.00	292,189.27	238,264.24	53,925.03
Energy (Energy and Electricity)	2,898,472.00	(173,031.66)	2,725,440.34	2,309,302.58	416,137.76
Other Objects	2,000.00		2,000.00	1,174.00	826.00
Energy (Natural Gas)	996,374.00	(250,000.00)	746,374.00	309,689.68	436,684.32
Total Undistributed Expenditures - Custodial Services	<u>9,638,241.27</u>	<u>(250,116.99)</u>	<u>9,388,124.28</u>	<u>8,383,112.04</u>	<u>1,005,012.24</u>
Undist. Expend. - Care & Upkeep of Grounds					
Salaries	145,935.00	68,278.99	214,213.99	184,380.67	29,833.32
Purchased Professional and Technical Services	1,000.00		1,000.00		1,000.00
Cleaning, Repairs & Maintenance	85,000.00	(6,000.00)	79,000.00	54,330.66	24,669.34
General Supplies	26,562.80		26,562.80	17,437.34	9,125.46
Other Objects	600.00		600.00		600.00
Total Undist. Expend. - Care & Upkeep of Grounds	<u>259,097.80</u>	<u>62,278.99</u>	<u>321,376.79</u>	<u>256,148.67</u>	<u>65,228.12</u>
Undist. Expend. - Security					
Salaries	1,791,235.00	1,510.00	1,792,745.00	1,782,059.72	10,685.28
Purchased Professional and Technical Services	21,000.00	(4,000.00)	17,000.00	14,989.24	2,010.76
Cleaning, Repairs & Maintenance	186,010.00	58,490.00	244,500.00	181,779.67	62,720.33
Travel			-		-
General Supplies	55,000.00	(19,601.20)	35,398.80	24,327.88	11,070.92
Other Objects	2,600.00		2,600.00	1,325.00	1,275.00
Total Undist. Expend. - Security	<u>2,055,845.00</u>	<u>36,398.80</u>	<u>2,092,243.80</u>	<u>2,004,481.51</u>	<u>87,762.29</u>
Total Undistributed Expenditures Operations and Maintenance of Plant	<u>16,704,973.78</u>	<u>30,319.89</u>	<u>16,735,293.67</u>	<u>14,252,304.38</u>	<u>2,482,989.29</u>
Undist. Expend. - Student Transportation Serv.					
Sal.- Pup. Trans. (Bet. Home & School) - Reg.	134,243.00		134,243.00	130,368.72	3,874.28
Other Purchased Professional and Tech. Services	7,500.00		7,500.00	5,350.00	2,150.00
Contracted Services - (Bet. Home & School) -Vendors	2,070,942.00	(110,357.79)	1,960,584.21	1,946,417.48	14,166.73
Contracted Services - (Other than Home & Sch)	478,224.00	241,143.74	719,367.74	442,514.06	276,853.68
Contracted Services - (Bet. Home & School) - Jointures	20,000.00	4,776.00	24,776.00	5,172.05	19,603.95
Contracted Services - Special Ed- Jointures	189,397.00	16,504.00	205,901.00	188,168.90	17,732.10
Contr. Serv. - (Sp Ed Stds) -Vendors	1,708,954.00	499,200.38	2,208,154.38	2,202,164.96	5,989.42
Contr. Serv. - Aid in Lieu Payments - Non Pub. Sch.	50,000.00		50,000.00	31,824.00	18,176.00
Contr. Serv. - Aid in Lieu Payments - Charter Schools	50,000.00		50,000.00		50,000.00
Misc. Purchased Service - Transportation	2,000.00		2,000.00	360.00	1,640.00
Supplies & Materials	35,000.00	(13,210.38)	21,789.62	3,002.73	18,786.89
Total Undistributed Expenditures - Student Transportation Services	<u>4,746,260.00</u>	<u>638,055.95</u>	<u>5,384,315.95</u>	<u>4,955,342.90</u>	<u>428,973.05</u>
Unallocated Benefits					
Social Security Contribution	1,550,000.00	75,333.70	1,625,333.70	1,621,358.09	3,975.61
Other Retirement Contributions - PERS	1,653,438.00	(7,000.00)	1,646,438.00	1,489,362.00	157,076.00
Other Retirement Contributions - Regular	2,500.00	7,000.00	9,500.00	9,055.24	444.76
Unemployment Compensation	50,000.00	(50,000.00)	-		-
Workmen's Compensation	1,326,000.00		1,326,000.00	1,326,000.00	-
Health Benefits	23,137,847.00	(312,355.96)	22,825,491.04	20,474,244.82	2,351,246.22
Tuition Reimbursement	645,000.00	140,000.00	785,000.00	776,876.53	8,123.47
Other Employee Benefits	530,826.00	32,653.26	563,479.26	563,479.26	-
Total Unallocated Benefits	<u>28,895,611.00</u>	<u>(114,369.00)</u>	<u>28,781,242.00</u>	<u>26,260,375.94</u>	<u>2,520,866.06</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
On-Behalf Contributions					
TPAF Pension (On-Behalf - Non-Budgeted)	\$ -	\$ -	\$ -	\$ 5,697,628.00	\$ (5,697,628.00)
Reimbursed TPAF Social Security Cont.(non-bud)			-	4,600,001.80	(4,600,001.80)
Total On-Behalf Contributions		-	-	10,297,629.80	(10,297,629.80)
Total Personal Services - Employee Benefits	28,895,611.00	(114,369.00)	28,781,242.00	36,558,005.74	(7,776,763.74)
TOTAL UNDISTRIBUTED EXPENDITURES	82,533,073.12	267,841.57	82,800,914.69	83,036,631.23	(235,716.54)
TOTAL GENERAL CURRENT EXPENSE	140,858,793.10	1,116,932.64	141,975,725.74	140,024,090.80	1,951,634.94
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5	27,500.00	6,358.00	33,858.00	29,172.44	4,685.56
Grades 9-12	34,554.00	10,900.00	45,454.00	43,108.00	2,346.00
School Sponsored & Other Instructional	86,300.00		86,300.00	77,133.60	9,166.40
Undistributed - Support Services - Related Services	5,045.00	2,895.00	7,940.00	7,940.00	-
Undistributed - Support Services - General Admin	10,000.00		10,000.00		10,000.00
Undistributed - Support Services - School Admin			-		-
Undistributed - Support Services - Info Tech	304,919.70		304,919.70	191,841.08	113,078.62
Undistributed - Support Services - Required Maint	207,681.60	48,500.00	256,181.60	225,905.24	30,276.36
Undistributed - Support Services - Security	7,500.00		7,500.00	6,052.25	1,447.75
Undistributed - Support Services - Transportation	12,500.00	(12,500.00)	-		-
Total Equipment	696,000.30	56,153.00	752,153.30	581,152.61	171,000.69
Facilities Acquisition and Construction Services					
Construction Services	259,301.38	98,839.61	358,140.99	203,550.00	154,590.99
Architectural & Engineering Fees	46,524.50	10,000.00	56,524.50	56,524.50	-
Other Objects	34,778.00		34,778.00	34,778.00	-
Total Facilities Acquisition and Construction Services	340,603.88	108,839.61	449,443.49	294,852.50	154,590.99
Assets Acquired Under Capital Lease (non-budget)			-		-
Total Assets Acquired Under Capital Lease (non-bud)	-	-	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	1,036,604.18	164,992.61	1,201,596.79	876,005.11	325,591.68
Transfer of Funds to Charter Schools	10,885,000.00	(1,088,500.00)	9,796,500.00	8,263,190.00	1,533,310.00
<b>TOTAL EXPENDITURES</b>	152,780,397.28	193,425.25	152,973,822.53	149,163,285.91	3,810,536.62
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(6,842,500.28)	(142,900.00)	(6,985,400.28)	10,416,707.13	17,402,107.41
Other Financing Sources:					
Operating Transfers In:					
Transfer to Food Service Deficit	(250,000.00)		(250,000.00)	(250,000.00)	-
Total Other Financing Sources:	(250,000.00)	-	(250,000.00)	(250,000.00)	-

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (7,092,500.28)	\$ (142,900.00)	\$ (7,235,400.28)	\$ 10,166,707.13	\$ 17,402,107.41
Fund Balance July 1	26,045,569.23		26,045,569.23	26,045,569.23	-
Fund Balance June 30	<u>\$ 18,953,068.95</u>	<u>\$ (142,900.00)</u>	<u>\$ 18,810,168.95</u>	<u>\$ 36,212,276.36</u>	<u>\$ 17,402,107.41</u>

Recapitulation:

Restricted Fund Balance:

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 8,871,641.08
Reserve for Excess Surplus	11,165,924.21
Maintenance Reserve	1,500,500.00
Capital Reserve	4,327,570.32
Emergency Reserve	500,000.00

Committed Fund Balance:

Encumbrances	3,848,405.71
Reserved for Future Expenditures - Death Benefits	290,000.00

Assigned Fund Balance:

Designated for Subsequent Year's Expenditures	2,284,735.92
Unassigned Fund Balance	<u>3,423,499.12</u>
	36,212,276.36

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not recognized on GAAP basis	1,273,530.00
Fund Balance per Governmental Funds (GAAP)	<u>\$ 34,938,746.36</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Education Jobs Fund Program**  
**Budget to Actual**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Federal Sources:					
Education Jobs Funds	\$695,940.00	\$21,802.00	\$717,742.00	\$661,810.22	\$55,931.78
Total Federal Services	695,940.00	21,802.00	717,742.00	661,810.22	55,931.78
Total Revenues	695,940.00	21,802.00	717,742.00	661,810.22	55,931.78
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Undist. Expend. - Custodial Services					
Salaries	225,406.00	-	225,406.00	190,951.43	34,454.57
Total Undistributed Expenditures - Custodial Services	225,406.00	-	225,406.00	190,951.43	34,454.57
Undist. Expend. Care & Upkeep of Grounds					
Salaries	67,370.00	-	67,370.00	49,868.40	17,501.60
Total Undistributed Expenditures - Care & Upkeep of Grounds	67,370.00	-	67,370.00	49,868.40	17,501.60
Total Undistributed Expenditures Operations and Maintenance of Plant	292,776.00	-	292,776.00	240,819.83	51,956.17
Unallocated Benefits					
Social Security Contribution	22,398.00		22,398.00	18,422.39	3,975.61
Other Retirement Contributions - PERS	24,886.00		24,886.00	24,886.00	-
Health Benefits	355,880.00	21,802.00	377,682.00	377,682.00	-
Total Unallocated Benefits	403,164.00	21,802.00	424,966.00	420,990.39	3,975.61
Total Current Expense	695,940.00	21,802.00	717,742.00	661,810.22	55,931.78
Total Expenditures	695,940.00	21,802.00	717,742.00	661,810.22	55,931.78
Excess (Deficiency) of Revenues Over ( Under Expenditures	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance July 1	-	-	-	-	-
Fund Balance June 30	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ -	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ -
State Sources	2,571,229.00	29,336.00	2,600,565.00	2,407,603.69	(192,961.31)
Federal Sources	5,198,862.00	2,979,131.00	8,177,993.00	7,264,202.00	(913,791.00)
<b>Total Revenues</b>	<b>7,770,091.00</b>	<b>3,015,467.00</b>	<b>10,785,558.00</b>	<b>9,678,805.69</b>	<b>(1,106,752.31)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	4,962,717.00	139,182.16	5,101,899.16	4,349,902.26	751,996.90
Other Salaries for Instruction	455,997.00	(39,328.00)	416,669.00	359,182.05	57,486.95
Purchased Professional and Technical Services		382,191.05	382,191.05	340,708.05	41,483.00
Tuition	1,202,540.00	248,101.00	1,450,641.00	1,450,641.00	-
Other Purchased Services (400-500 series)	5,000.00	5,000.00	10,000.00	803,638.64	10,000.00
General Supplies	221,023.00	609,178.54	830,201.54	803,638.64	26,562.90
Textbooks	8,503.00	2,935.00	11,438.00	11,438.00	-
Other Objects	25,000.00	5,000.00	30,000.00	2,268.00	27,732.00
<b>Total Instruction</b>	<b>6,880,780.00</b>	<b>1,352,259.75</b>	<b>8,233,039.75</b>	<b>7,317,778.00</b>	<b>915,261.75</b>
Support Services:					
Salaries of Supervisors of Instruction	69,400.00	885.64	70,285.64	70,285.64	-
Salaries of Other Professional Staff	54,308.00	79,872.00	134,180.00	134,180.00	-
Salaries of Secretarial and Clerical Assistants	136,201.00	85,839.59	222,040.59	167,487.59	54,553.00
Other Salaries	11,931.00	382,356.65	394,287.65	384,449.65	9,838.00
Salaries of Master Teachers	79,162.00	74,428.36	153,590.36	151,476.00	2,114.36
Personal Services - Employee Benefits	432,853.00	406,784.12	839,637.12	777,243.12	62,394.00
Purchased Professional Educational Services	25,000.00	461,168.85	486,168.85	468,858.85	17,310.00
Purchased Technical Services	10,076.00	6,262.00	16,338.00	16,338.00	-
Rentals		10,200.00	10,200.00	10,200.00	-
Contracted Services - Trans. - Field Trips	20,000.00	10,000.00	30,000.00	6,221.21	23,778.79
Travel	8,880.00	11,126.37	20,006.37	324.37	19,682.00
Other Purchased Services (400-500 series)		69,753.89	69,753.89	69,753.89	-
Supplies & Materials	40,000.00	59,204.78	99,204.78	98,884.37	320.41
Other Objects	1,500.00	5,325.00	6,825.00	5,325.00	1,500.00
<b>Total Support Services</b>	<b>889,311.00</b>	<b>1,663,207.25</b>	<b>2,552,518.25</b>	<b>2,361,027.69</b>	<b>191,490.56</b>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES(cont'd):</b>					
Facilities Acquisitions and Construction Services:					
None	\$ -	\$ -	\$ -	\$ -	\$ -
Total Facilities Acquisitions and Const. Services:					
Total Outflows	7,770,091.00	3,015,467.00	10,785,558.00	9,678,805.69	1,106,752.31
Other Financing Sources (Uses)					
Transfer from General Fund	-	-	-	-	-
Total Expenditures & Other Finan. Sources/(Uses)	7,770,091.00	3,015,467.00	10,785,558.00	9,678,805.69	1,106,752.31
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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## **Notes to the Required Supplementary Information**

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
Required Supplementary Information  
Budget-to-GAAP Reconciliation  
Note to RSI  
For the Year Ended June 30, 2012**

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources / inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 159,579,993.04	[C-2]	\$ 9,678,805.69
<b>Difference - budget to GAAP:</b>				
The Final State Aid payments for the Year Ended June 30, 2011 that were delayed until July 2011 were recorded as budgetary revenue for the Year Ended June 30, 2011 but are not recognized under GAAP until the Year Ended June 30, 2012.		1,003,714.00		212,512.00
The Final State Aid payments for the Year Ended June 30, 2012 that were delayed until July 2012 were recorded as budgetary revenue for the Year Ended June 30, 2012 but are not recognized under GAAP until the Year Ended June 30, 2013		(1,273,530.00)		(235,712.00)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>\$ 159,310,177.04</u>	[B-2]	<u>\$ 9,655,605.69</u>
<b>Uses / outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 149,163,285.91	[C-2]	\$ 9,678,805.69
<b>Difference - budget to GAAP:</b>				
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 GAAP financial reporting purposes.				-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>\$ 149,163,285.91</u>	[B-2]	<u>\$ 9,678,805.69</u>

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## **Other Supplementary Information**

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## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2012**

	Title I Part A	Carryover Title I Part A	Title I - SIA	Carryover Title I - SIA	IDEA Preschool	Carl D. Perkins	IDEA
<b>REVENUES:</b>							
Local Sources							
State Sources							
Federal Sources	\$ 2,522,281.00	\$ 1,101,609.00		\$ 160,292.00	\$ 38,194.00	\$ 137,428.00	\$ 1,598,135.00
<b>Total Revenues</b>	<b>2,522,281.00</b>	<b>1,101,609.00</b>	<b>-</b>	<b>160,292.00</b>	<b>38,194.00</b>	<b>137,428.00</b>	<b>1,598,135.00</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	1,132,669.00	804,120.08		128,914.90			132,844.00
Other Salaries for Instruction							20,975.00
Purchased Professional & Technical Services	314,308.00	26,400.00			38,194.00		1,412,447.00
Tuition							3,695.00
General Supplies	131,698.00	56,324.13		10,675.00		130,928.00	
Textbooks							
Other Objects							
<b>Total Instruction</b>	<b>1,578,675.00</b>	<b>886,844.21</b>	<b>-</b>	<b>139,589.90</b>	<b>38,194.00</b>	<b>130,928.00</b>	<b>1,569,961.00</b>
Support Services:							
Salaries of Supervisors of Instruction	51,548.00						
Salaries of Other Professional Staff	88,471.00	16,917.59				6,038.00	
Salaries of Secretarial and Clerical Assistants	266,779.00	80,799.65					
Other Salaries							
Salaries of Master Teachers							
Personal Services - Employee Benefits	124,306.00	71,082.60		9,866.10		462.00	28,174.00
Purchased Professional Educational Services	339,717.00	41,118.75					
Purchased Technical Services							
Rentals	10,200.00						
Contracted Services - Trans. - Field Trips							
Travel		6.37					
Other Purchased Services (400-500 series)	49,935.00			3,000.00			
Supplies & Materials	10,025.00	2,139.83		7,836.00			
Other Objects	2,625.00	2,700.00					
<b>Total Support Services</b>	<b>943,606.00</b>	<b>214,764.79</b>	<b>-</b>	<b>20,702.10</b>	<b>-</b>	<b>6,500.00</b>	<b>28,174.00</b>
<b>Total Expenditures</b>	<b>2,522,281.00</b>	<b>1,101,609.00</b>	<b>-</b>	<b>160,292.00</b>	<b>38,194.00</b>	<b>137,428.00</b>	<b>1,598,135.00</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Financing Sources (Uses):							
Transfer from General Fund							
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2012**

	Carryover Title III	Title IIA	ARRA Title I	Carryover Title IID	ARRA IDEA	Title III Immigrant	Title III
<b>REVENUES:</b>							
Local Sources							
State Sources	\$ 64,936.00	\$ 680,332.00	\$ 110,389.00	\$ 7,361.00	\$ 178,156.00	\$ 197,405.00	\$ 221,929.00
Federal Sources							
<b>Total Revenues</b>	<u>64,936.00</u>	<u>680,332.00</u>	<u>110,389.00</u>	<u>7,361.00</u>	<u>178,156.00</u>	<u>197,405.00</u>	<u>221,929.00</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	44,512.55	564,962.00	60,658.65	5,128.00	90,764.00	102,748.00	157,628.00
Other Salaries for Instruction							
Purchased Professional & Technical Services							
Tuition							
General Supplies	6,978.98		22,415.43		30,993.00		7,397.00
Textbooks							
Other Objects							
<b>Total Instruction</b>	<u>51,491.53</u>	<u>564,962.00</u>	<u>83,074.08</u>	<u>5,128.00</u>	<u>121,757.00</u>	<u>102,748.00</u>	<u>165,025.00</u>
Support Services:							
Salaries of Supervisors of Instruction						51,548.00	
Salaries of Other Professional Staff							
Salaries of Secretarial and Clerical Assistants							
Other Salaries					21,162.00		3,778.00
Salaries of Master Teachers							
Personal Services - Employee Benefits	13,444.47	112,993.00	4,897.98	392.00	8,562.00	30,860.00	20,938.00
Purchased Professional Educational Services		2,377.00	5,003.10	1,841.00	26,675.00	12,249.00	32,188.00
Purchased Technical Services							
Rentals							
Contracted Services - Trans. - Field Trips							
Travel							
Other Purchased Services (400-500 series)			16,818.89				
Supplies & Materials			594.95				
Other Objects							
<b>Total Support Services</b>	<u>13,444.47</u>	<u>115,370.00</u>	<u>27,314.92</u>	<u>2,233.00</u>	<u>56,399.00</u>	<u>94,657.00</u>	<u>56,904.00</u>
<b>Total Expenditures</b>	<u>64,936.00</u>	<u>680,332.00</u>	<u>110,389.00</u>	<u>7,361.00</u>	<u>178,156.00</u>	<u>197,405.00</u>	<u>221,929.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-
Other Financing Sources (Uses):							
Transfer from General Fund							
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2012**

	Carryover IDEA	ARRA Title I SIA	Non- Public Textbooks	Non- Public Compensatory Education	Non- Public ESL	Non- Public Examination & Classification	Non- Public Speech
<b>REVENUES:</b>							
Local Sources							
State Sources							
Federal Sources	\$ 58,763.00	\$ 186,992.00	\$ 11,438.00	\$ 49,029.00	\$ 12,931.00	\$ 23,185.00	\$ 7,899.00
<b>Total Revenues</b>	<b>58,763.00</b>	<b>186,992.00</b>	<b>11,438.00</b>	<b>49,029.00</b>	<b>12,931.00</b>	<b>23,185.00</b>	<b>7,899.00</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	10,602.98	173,704.00		49,029.00	12,931.00		
Other Salaries for Instruction							
Purchased Professional & Technical Services	0.05						
Tuition							
General Supplies	17,704.00		11,438.00				
Textbooks							
Other Objects							
<b>Total Instruction</b>	<b>28,307.03</b>	<b>173,704.00</b>	<b>11,438.00</b>	<b>49,029.00</b>	<b>12,931.00</b>	<b>-</b>	<b>-</b>
<b>Support Services:</b>							
Salaries of Supervisors of Instruction						23,185.00	7,899.00
Salaries of Other Professional Staff							
Salaries of Secretarial and Clerical Assistants							
Other Salaries							
Salaries of Master Teachers							
Personal Services - Employee Benefits	30,455.97	13,288.00					
Purchased Professional Educational Services							
Purchased Technical Services							
Rentals							
Travel							
Contracted Services - Trans. - Field Trips							
Other Purchased Services (400-500 series)							
Supplies & Materials							
Other Objects							
<b>Total Support Services</b>	<b>30,455.97</b>	<b>13,288.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,185.00</b>	<b>7,899.00</b>
<b>Total Expenditures</b>	<b>58,763.00</b>	<b>186,992.00</b>	<b>11,438.00</b>	<b>49,029.00</b>	<b>12,931.00</b>	<b>23,185.00</b>	<b>7,899.00</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>							
Transfer from General Fund							
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Use \$)</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2012**

	Non-Public Nursing	Atlantic Care	Preschool Education Aid	Totals 2012
<b>REVENUES:</b>				
Local Sources	\$ -	\$ 7,000.00	\$ -	\$ 7,000.00
State Sources	16,338.00		2,286,783.69	2,407,603.69
Federal Sources				7,264,202.00
<b>Total Revenues</b>	<u>16,338.00</u>	<u>7,000.00</u>	<u>2,286,783.69</u>	<u>9,678,805.69</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers		5,540.00	873,146.10	4,349,902.26
Other Salaries for Instruction			338,207.05	359,182.05
Purchased Professional & Technical Services				340,708.05
Tuition				1,450,641.00
General Supplies		1,460.00	383,370.10	803,638.64
Textbooks				11,438.00
Other Objects			2,268.00	2,268.00
<b>Total Instruction</b>	<u>-</u>	<u>7,000.00</u>	<u>1,596,991.25</u>	<u>7,317,778.00</u>
Support Services:				
Salaries of Supervisors of Instruction			70,285.64	70,285.64
Salaries of Other Professional Staff				134,180.00
Salaries of Secretarial and Clerical Assistants			56,061.00	167,487.59
Other Salaries			11,931.00	384,449.65
Salaries of Master Teachers			151,476.00	151,476.00
Personal Services - Employee Benefits			307,521.00	777,243.12
Purchased Professional Educational Services			7,690.00	468,858.85
Purchased Technical Services	16,338.00			16,338.00
Rentals				10,200.00
Contracted Services - Trans. - Field Trips			6,221.21	6,221.21
Travel			318.00	324.37
Other Purchased Services (400-500 series)			78,288.59	69,753.89
Supplies & Materials				98,884.37
Other Objects				5,325.00
<b>Total Support Services</b>	<u>16,338.00</u>	<u>-</u>	<u>689,792.44</u>	<u>2,361,027.69</u>
<b>Total Expenditures</b>	<u>16,338.00</u>	<u>7,000.00</u>	<u>2,286,783.69</u>	<u>9,678,805.69</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfer from General Fund				-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
Special Revenue Fund  
Preschool Education Aid  
Budgetary Basis  
For the Year Ended June 30, 2012**

	Total		
	Budgeted	Actual	Variance
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	\$ 897,165.00	\$ 873,146.10	\$ 24,018.90
Other Salaries for Instruction	395,694.00	338,207.05	57,486.95
Other Purchased Services (400-500 Series)	10,000.00		10,000.00
General Supplies	390,383.00	383,370.10	7,012.90
Other Objects	30,000.00	2,268.00	27,732.00
<b>Total Instruction</b>	<u>1,723,242.00</u>	<u>1,596,991.25</u>	<u>126,250.75</u>
Support Services:			
Salaries of Supervisors of Instruction	70,285.64	70,285.64	-
Salaries of Secretarial and Clerical Assistants	58,066.00	56,061.00	2,005.00
Other Salaries	11,931.00	11,931.00	-
Salaries of Master Teachers	153,590.36	151,476.00	2,114.36
Personal Services - Employee Benefits	307,521.00	307,521.00	-
Other Purchased Professional - Ed. Services	25,000.00	7,690.00	17,310.00
Contracted Services - Trans. - Field Trips	30,000.00	6,221.21	23,778.79
Travel	20,000.00	318.00	19,682.00
Supplies and Materials	78,609.00	78,288.59	320.41
Other Objects	1,500.00		1,500.00
<b>Total Support Services</b>	<u>756,503.00</u>	<u>689,792.44</u>	<u>66,710.56</u>
<b>Total Expenditures</b>	<u>\$ 2,479,745.00</u>	<u>\$ 2,286,783.69</u>	<u>\$ 192,961.31</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2011-12 Preschool Aid Allocation	\$ 2,357,120.00
Adjustments	
Add: Actual Preschool Carryover June 30, 2011	227,643.00
Add: Budgeted Transfer from the General Fund	
Total Preschool Education Aid Funds Available for 2011-12 Budget	<u>2,584,763.00</u>
Less: 2011-2012 Budgeted Preschool Education Aid	(2,479,745.00)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2012	<u>105,018.00</u>
Add: June 30, 2012 Unexpended Preschool Education Aid	192,961.31
2011-12 Actual Carryover - Preschool Education Aid	<u>\$ 297,979.31</u>
2011-12 Preschool Education Aid Carryover Budgeted for 2012-13	<u>\$ 105,018.00</u>

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## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Summary**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 5,482,000.00	\$ -	\$ 5,482,000.00	\$ 5,482,000.00
Bond Proceeds and Transfers	120,839,000.00	-	120,839,000.00	120,839,686.00
<b>Total Revenues</b>	<u>126,321,000.00</u>	<u>-</u>	<u>126,321,000.00</u>	<u>126,321,686.00</u>
<b>Expenditures and Other Financing Uses</b>				
Project Expenditures	109,218,276.90	5,288,417.12	114,506,694.02	123,138,255.14
Transferred to Debt Service Fund	3,183,430.86	18,982.06	3,202,412.92	3,183,430.86
<b>Total Expenditures</b>	<u>112,401,707.76</u>	<u>5,307,399.18</u>	<u>117,709,106.94</u>	<u>126,321,686.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 13,919,292.24</u>	<u>\$ (5,307,399.18)</u>	<u>\$ 8,611,893.06</u>	<u>\$ -</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Pennsylvania Avenue Elementary School**  
**For the Year Ended June 30, 2011**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	42,755,143.00		42,755,143.00	42,755,829.00
Total Revenues	<u>42,755,143.00</u>	<u>-</u>	<u>42,755,143.00</u>	<u>42,755,829.00</u>
<b>Expenditures and Other Financing Uses</b>				
Project Expenditures	33,769,892.31	650,736.84	34,420,629.15	41,061,265.15
Transferred to Debt Service Fund	1,694,563.85		1,694,563.85	1,694,563.85
Total Expenditures	<u>35,464,456.16</u>	<u>650,736.84</u>	<u>36,115,193.00</u>	<u>42,755,829.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 7,290,686.84</u>	<u>\$ (650,736.84)</u>	<u>\$ 6,639,950.00</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	0100-N01-09-1000
Grant Date	N/A
Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 42,755,829.00
Bonds Issued	42,755,143.00
Original Authorized Costs	42,755,829.00
Revised Authorized Cost	42,755,829.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	84%
Original Target Completion Date	2011
Revised Target Completion Date	2012

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**New Richmond Avenue Elementary School**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 37,565,857.00	\$ -	\$ 37,565,857.00	\$ 37,565,857.00
Total Revenues	<u>37,565,857.00</u>	<u>-</u>	<u>37,565,857.00</u>	<u>37,565,857.00</u>
<b>Expenditures and Other Financing Uses</b>				
Project Expenditures	29,467,366.65	4,637,680.28	34,105,046.93	36,076,989.99
Transferred to Debt Service Fund	1,488,867.01	-	1,488,867.01	1,488,867.01
Total Expenditures	<u>30,956,233.66</u>	<u>4,637,680.28</u>	<u>35,593,913.94</u>	<u>37,565,857.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 6,609,623.34</u>	<u>\$ (4,637,680.28)</u>	<u>\$ 1,971,943.06</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	0110-N02-09-1000
Grant Date	N/A
Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 37,565,857.00
Bonds Issued	37,565,857.00
Original Authorized Costs	37,565,857.00
Revised Authorized Cost	37,565,857.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	95%
Original Target Completion Date	2011
Revised Target Completion Date	2012

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Construction of New York Avenue & Sovereign Avenue Schools**  
**For the Year Ended June 30, 2012**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 5,482,000.00	\$	\$ 5,482,000.00	\$ 5,482,000.00
Bond Proceeds and Transfers	40,518,000.00		40,518,000.00	40,518,000.00
Total Revenues	<u>46,000,000.00</u>	<u>-</u>	<u>46,000,000.00</u>	<u>46,000,000.00</u>
<b>Expenditures and Other Financing Uses</b>				
Project Expenditures	45,981,017.94		45,981,017.94	46,000,000.00
Cancelled to Debt Service Fund		18,982.06	18,982.06	
Total Expenditures	<u>45,981,017.94</u>	<u>18,982.06</u>	<u>46,000,000.00</u>	<u>46,000,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 18,982.06</u>	<u>\$ (18,982.06)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	SP 200067
Grant Date	2/18/2002
Bond Authorization Date	2002
Bonds Authorized	\$ 46,000,000.00
Bonds Issued	40,518,000.00
Original Authorized Costs	46,000,000.00
Revised Authorized Cost	46,000,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	2003
Revised Target Completion Date	2010

## **PROPRIETARY FUND DETAIL STATEMENTS**

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

**Food Service Fund** - This fund provides for the operation of food services in all schools within the school district.

**Reading Recovery Fund** - This fund provides for the operation of the Reading Recovery program.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS  
B-4, B-5 AND B-6.**

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## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

**Unemployment Compensation Fund** - This Trust Fund is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholding in prior years.

**Scholarship Fund** - This Trust Fund is an expendable trust fund that accounts for donation revenue dedicated to providing college scholarships to graduating district students.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
Fiduciary Funds  
Combining Statement of Fiduciary Net Assets  
June 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust</u>	<u>Agency Funds</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 381,203.93	\$ 90,739.23	\$ 312,512.50	\$ 784,455.66
Total Assets	<u>381,203.93</u>	<u>90,739.23</u>	<u>312,512.50</u>	<u>784,455.66</u>
<b>LIABILITIES</b>				
Payable to Student Groups			196,164.29	196,164.29
Accounts Payable	39,299.35			39,299.35
Payroll Deductions & Withholdings	<u>20,606.93</u>		<u>116,348.21</u>	<u>136,955.14</u>
Total Liabilities	<u>59,906.28</u>	<u>-</u>	<u>312,512.50</u>	<u>372,418.78</u>
<b>NET ASSETS</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 321,297.65</u>			<u>321,297.65</u>
Reserve for Scholarships		<u>\$ 90,739.23</u>		<u>90,739.23</u>
Total Net Assets				<u>412,036.88</u>
Total Liabilities and Net Assets			\$	<u><u>784,455.66</u></u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2012**

	Unemployment Compensation Trust	Scholarship Trust	Totals
<b>ADDITIONS</b>			
Contributions:			
Donations	\$	\$ 3,325.00	\$ 3,325.00
Employee Withholdings	189,594.51		189,594.51
Board Contributions			-
Total Contributions	<u>189,594.51</u>	<u>3,325.00</u>	<u>192,919.51</u>
Investments Earnings:			
Dividends and Interest	1,111.24	289.73	1,400.97
Net Investment Earnings	<u>1,111.24</u>	<u>289.73</u>	<u>1,400.97</u>
Total Additions	<u>190,705.75</u>	<u>3,614.73</u>	<u>194,320.48</u>
Deductions			
Scholarships Awarded		10,497.00	10,497.00
Unemployment Claims	165,811.25		165,811.25
Quarterly Contributions	95,860.97		95,860.97
Total Deductions	<u>261,672.22</u>	<u>10,497.00</u>	<u>272,169.22</u>
Change in Net Assets	(70,966.47)	(6,882.27)	(77,848.74)
Net Assets - Beginning of the Year	<u>392,264.12</u>	<u>97,621.50</u>	<u>489,885.62</u>
Net Assets - End of the Year	<u>\$ 321,297.65</u>	<u>\$ 90,739.23</u>	<u>\$ 412,036.88</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 As of June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>June 30, 2012</u>
Schools	\$ 163,896.98	\$	347,570.47	\$	323,958.76	\$	187,508.69
Athletic	13,907.51		110,352.90		115,604.81		8,655.60
Total Assets	<u>\$ 177,804.49</u>	\$	<u>457,923.37</u>	\$	<u>439,563.57</u>	\$	<u>196,164.29</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
As of June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 825,037.03	\$ 42,678,687.74	\$ 43,387,376.56	\$ 116,348.21
Total Assets	<u>\$ 825,037.03</u>	<u>\$ 42,678,687.74</u>	<u>\$ 43,387,376.56</u>	<u>\$ 116,348.21</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholding	\$ 825,037.03	\$ 42,678,687.74	\$ 43,387,376.56	\$ 116,348.21
Total Liabilities	<u>\$ 825,037.03</u>	<u>\$ 42,678,687.74</u>	<u>\$ 43,387,376.56</u>	<u>\$ 116,348.21</u>

### **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balance of the general long-term liabilities of the school district. This includes serial bonds outstanding, the outstanding principal balance on capital leases.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Schedule of General Serial Bonds**  
**As of June 30, 2012**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2012				Balance 6/30/2011	Increased	Decreased	Balance 6/30/2012
			Date	Amount	Interest Rate	Balance 6/30/2011				
General Obligation Refunding Bonds of 1997	10/15/1997	\$ 54,350,000	12/1/2012	4,600,000	6.000%	\$ 22,150,000.00	\$	\$ 4,600,000.00	\$ 17,550,000.00	
			12/1/2013	4,600,000	6.000%					
			12/1/2014	4,600,000	6.100%					
			12/1/2015	3,750,000	6.100%					
Refunding School Bonds (Pension Series 2002)	10/15/2002	9,255,000	7/15/2012	475,000	5.270%	5,920,000.00		5,445,000.00	475,000.00	
			7/15/2012	565,000	5.170%	10,660,000.00		565,000.00	10,095,000.00	
			7/15/2013	565,000	5.170%					
			7/15/2014	3,525,000	5.270%					
			7/15/2015	2,960,000	5.800%					
			7/15/2016	2,480,000	5.800%					
Build America School Bonds	7/30/2009	\$ 50,321,000	8/15/2011	1,120,000	2.500%	50,321,000.00		1,120,000.00	49,201,000.00	
			8/15/2012	1,185,000	3.250%					
			8/15/2013	1,250,000	3.500%					
			8/15/2014	1,320,000	4.000%					
			8/15/2015	1,385,000	4.250%					
			8/15/2016	1,455,000	4.900%					
			8/15/2017	1,530,000	5.100%					
			8/15/2018	1,605,000	5.300%					
			8/15/2019	1,690,000	5.500%					
			8/15/2024	9,760,000	6.400%					
			8/15/2026	4,620,000	6.560%					
			8/15/2028	5,050,000	6.600%					
			8/15/2034	18,351,000	7.130%					
Refunding School Bonds	12/10/2009	9,655,000	7/15/2011	3,255,000	3.000%	9,655,000.00		3,255,000.00	6,400,000.00	
			7/15/2012	3,185,000	3.500%					
			7/15/2013	3,215,000	3.500%					



**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Schedule of Certificates of Participation**  
**As of June 30, 2012**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities		Interest Rate	Balance June 30, 2011	Increased	Decreased	Balance June 30, 2012
			Outstanding June 30, 2012	Date					
Refunding Issue	8/12/2010	\$ 4,375,000	\$ 1,105,000	5/1/2013	3.000%	\$ 3,305,000.00	\$ -	\$ 1,065,000.00	\$ 2,240,000.00
			1,135,000	5/1/2014	2.000%				
						<u>\$ 3,305,000.00</u>	<u>\$ -</u>	<u>\$ 1,065,000.00</u>	<u>\$ 2,240,000.00</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 16,452,244.00	\$	\$ 16,452,244.00	\$ 16,452,244.00	\$ -
Interest				7,255.04	7,255.04
State Sources:					
Debt Service Aid Type II	1,356,754.00		1,356,754.00	1,356,754.00	-
Total - State Sources	1,356,754.00	-	1,356,754.00	1,356,754.00	-
Total Revenues	17,808,998.00	-	17,808,998.00	17,816,253.04	7,255.04
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	6,029,356.00		6,029,356.00	6,029,356.23	(0.23)
Redemption of Principal	10,815,000.00		10,815,000.00	10,815,000.00	-
Total Regular Debt Service	16,844,356.00	-	16,844,356.00	16,844,356.23	(0.23)
Comm. Approved Lease Purchase Agreements:					
Interest	87,800.00		87,800.00	87,800.00	-
Redemption of Principal	1,065,000.00		1,065,000.00	1,065,000.00	-
Total Lease Purchase	1,152,800.00	-	1,152,800.00	1,152,800.00	-
Total Expenditures	17,997,156.00	-	17,997,156.00	17,997,156.23	(0.23)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(188,158.00)	-	(188,158.00)	(180,903.19)	7,254.81
Other Financing Sources (Uses):					
Operating Transfers In:					
Capital Project Fund			-	18,982.06	18,982.06
Total Other Financing Sources (Uses):	-	-	-	18,982.06	18,982.06
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(188,158.00)	-	(188,158.00)	(161,921.13)	26,236.87
Fund Balance, July 1	235,364.09		235,364.09	235,364.09	-
Fund Balance, June 30	\$ 47,206.09	\$ -	\$ 47,206.09	\$ 73,442.96	\$ 26,236.87

## **Statistical Section**

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Net Assets by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-1

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ (6,313,161)	\$ (804,686)	\$ 15,299,580	\$ 8,359,404	\$ 16,759,981	\$ 28,494,921	\$ 44,465,776	\$ 23,568,179	\$ 27,245,978	\$ 42,452,392
Restricted	2,045,708	681,587	2,497,929	1,881,426	975,518	488,289	305,761	17,143,671	31,016,444	33,340,282
Unrestricted	(16,285,270)	(7,675,243)	(3,168,941)	16,900,526	21,356,751	18,906,291	10,089,306	12,111,576	3,861,142	6,483,618
<b>Total governmental activities net assets</b>	<b>\$ (20,552,723)</b>	<b>\$ (7,798,342)</b>	<b>\$ 14,628,568</b>	<b>\$ 27,141,356</b>	<b>\$ 39,092,250</b>	<b>\$ 47,889,501</b>	<b>\$ 54,860,843</b>	<b>\$ 52,823,426</b>	<b>\$ 62,123,564</b>	<b>\$ 82,276,292</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 88,709	\$ 68,017	\$ 61,033	\$ 114,587	\$ 134,106	\$ 99,240	\$ 91,020	\$ 280,627	\$ 249,570	\$ 215,161
Restricted	(796,243)	(1,069,309)	73,598	161,802	130,288	(372,751)	(511,735)	(88,315)	77,489	(212,670)
Unrestricted	(707,534)	(1,001,292)	(134,631)	276,389	284,394	(273,511)	(420,715)	192,312	327,059	2,491
<b>Total business-type activities net assets</b>	<b>\$ (707,534)</b>	<b>\$ (1,001,292)</b>	<b>\$ 134,631</b>	<b>\$ 276,389</b>	<b>\$ 284,394</b>	<b>\$ (273,511)</b>	<b>\$ (420,715)</b>	<b>\$ 192,312</b>	<b>\$ 327,059</b>	<b>\$ 2,491</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ (6,224,452)	\$ (736,669)	\$ 15,360,613	\$ 8,473,991	\$ 16,894,087	\$ 28,594,161	\$ 44,556,796	\$ 23,848,806	\$ 27,495,548	\$ 42,667,553
Restricted	2,045,708	681,587	2,497,929	1,881,426	975,518	488,289	305,761	17,143,671	31,016,444	33,340,282
Unrestricted	(17,081,513)	(8,744,552)	(3,095,343)	17,062,328	21,487,039	18,533,540	9,577,571	12,023,261	3,938,631	6,270,948
<b>Total district net assets</b>	<b>\$ (21,260,257)</b>	<b>\$ (8,799,634)</b>	<b>\$ 14,763,199</b>	<b>\$ 27,417,745</b>	<b>\$ 39,356,644</b>	<b>\$ 47,615,990</b>	<b>\$ 54,440,128</b>	<b>\$ 53,015,738</b>	<b>\$ 62,450,623</b>	<b>\$ 82,278,783</b>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Changes in Net Assets,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Regular	\$ 44,065,057	\$ 45,749,943	\$ 45,708,518	\$ 49,267,103	\$ 51,815,832	\$ 53,360,505	\$ 49,345,947	\$ 44,464,107	\$ 46,192,489	\$ 49,440,165
Special education	4,985,351	5,676,506	5,829,974	6,966,393	7,534,513	8,642,555	10,162,324	21,293,825	23,698,652	21,618,788
Other special education	5,780,571	6,813,795	7,038,769	7,072,494	7,959,193	9,974,744	15,007,261	16,736,204	16,195,703	17,565,255
Support services:										
Tuition	11,572,599	11,934,809	14,278,353	13,447,952	16,574,316	17,005,026	18,967,034	14,505,847	13,943,629	15,091,977
Student & instruction related services	12,315,535	13,554,258	15,669,931	16,647,740	17,070,532	19,591,762	17,632,647	22,193,579	20,456,195	20,802,733
General administrative services	6,487,326	6,174,028	4,916,660	5,665,525	6,249,122	3,200,372	4,579,569	4,029,875	7,155,930	2,586,087
School administrative services	4,075,081	4,322,712	4,646,450	4,766,068	4,990,576	5,564,594	5,410,083	5,856,744	5,802,683	6,262,409
Central Services			3,103,235	3,301,959	3,096,119	3,301,959	2,234,298	2,245,490	2,255,495	2,222,080
Plant operations and maintenance	12,046,122	12,096,580	14,114,098	16,394,288	19,166,402	18,846,654	18,812,959	27,409,038	17,840,346	20,334,368
Pupil transportation	4,592,826	3,963,015	4,242,895	4,845,124	5,147,389	5,373,113	5,371,668	4,768,978	4,524,112	4,955,343
Capital Outlay								294,704	-	294,853
Special schools	158,537	1,559,816	657,182	1,828,798	1,859,259	2,335,465	2,242,610	294,704	-	-
Interest on long-term debt	6,084,473	6,074,190	5,462,301	5,106,248	4,719,154	4,285,853	3,882,856	3,818,670	6,305,811	5,551,788
Unallocated depreciation	134,452									
Total governmental activities expenses	<u>112,297,930</u>	<u>117,919,652</u>	<u>122,568,131</u>	<u>135,110,968</u>	<u>146,182,407</u>	<u>151,482,602</u>	<u>153,649,256</u>	<u>167,617,061</u>	<u>164,717,582</u>	<u>166,379,308</u>
Business-type activities:										
Food service	4,091,009	4,275,911	4,340,238	4,600,341	4,409,384	4,665,918	4,660,129	4,622,148	4,639,049	5,292,433
Reading Recovery	20,954	138,393	28,003	39,440	3,059	1,654	24,076	20,940	14,760	5,258
Total business-type activities expenses	<u>4,111,963</u>	<u>4,414,304</u>	<u>4,368,241</u>	<u>4,639,781</u>	<u>4,412,443</u>	<u>4,667,572</u>	<u>4,684,205</u>	<u>4,643,088</u>	<u>4,653,809</u>	<u>5,297,691</u>
Program Revenues	<u>\$ 116,409,893</u>	<u>\$ 122,333,956</u>	<u>\$ 126,933,372</u>	<u>\$ 139,750,749</u>	<u>\$ 150,594,850</u>	<u>\$ 156,150,174</u>	<u>\$ 158,333,461</u>	<u>\$ 172,260,149</u>	<u>\$ 169,371,392</u>	<u>\$ 171,676,999</u>
Governmental activities:										
Operating grants and contributions	\$ 17,766,606	\$ 19,353,647	\$ 18,963,050	\$ 18,353,680	\$ 18,728,026	\$ 19,519,665	\$ 10,010,870	\$ 9,161,646	\$ 11,095,687	\$ 9,655,605
Capital grants and contributions	306,024						1,026,807	1,023,823	825,921	1,356,754
Total governmental activities program revenues	<u>18,072,630</u>	<u>19,353,647</u>	<u>18,963,050</u>	<u>18,353,680</u>	<u>18,728,026</u>	<u>19,519,665</u>	<u>11,037,677</u>	<u>10,185,469</u>	<u>11,921,608</u>	<u>11,012,359</u>
Business-type activities:										
Charges for services:										
Food service	782,931	882,363	812,750	798,156	725,064	555,571	592,651	505,512	516,835	548,129
Reading Recovery	1,000	47,600	650	7,150	5,600	5,600	5,600	31,550	1,500	4,000
Operating grants and contributions	2,876,183	2,940,583	2,967,129	3,229,868	3,169,784	3,167,171	3,494,350	4,059,054	3,563,533	4,170,994
Total business-type activities program revenue	<u>3,660,114</u>	<u>3,870,546</u>	<u>3,780,529</u>	<u>4,035,174</u>	<u>3,900,448</u>	<u>3,728,342</u>	<u>4,087,001</u>	<u>4,596,116</u>	<u>4,081,868</u>	<u>4,723,123</u>
Total district program revenue	<u>\$ 21,732,744</u>	<u>\$ 23,224,193</u>	<u>\$ 22,743,579</u>	<u>\$ 22,388,854</u>	<u>\$ 22,628,474</u>	<u>\$ 23,248,007</u>	<u>\$ 15,124,678</u>	<u>\$ 14,781,585</u>	<u>\$ 16,003,476</u>	<u>\$ 15,735,482</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (94,225,300)	\$ (98,566,005)	\$ (103,602,081)	\$ (116,757,288)	\$ (127,454,381)	\$ (131,962,937)	\$ (142,611,579)	\$ (157,431,592)	\$ (152,795,974)	\$ (155,366,849)
Business-type activities	(451,849)	(543,758)	(587,712)	(604,607)	(511,995)	(939,230)	(597,204)	(46,972)	(571,941)	(574,568)
Total district-wide net expense	<u>\$ (94,677,149)</u>	<u>\$ (99,109,763)</u>	<u>\$ (104,189,793)</u>	<u>\$ (117,361,895)</u>	<u>\$ (127,966,376)</u>	<u>\$ (132,902,167)</u>	<u>\$ (143,208,783)</u>	<u>\$ (157,478,564)</u>	<u>\$ (153,367,915)</u>	<u>\$ (155,941,517)</u>

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Changes in Net Assets,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes levied for general purposes,	\$ 57,467,734	\$ 71,383,105	\$ 82,977,658	\$ 87,632,447	\$ 93,056,124	\$ 94,001,269	\$ 97,761,320	\$ 101,671,773	\$ 114,163,786	\$ 117,535,530
Taxes levied for debt service	11,632,277	13,516,550	9,899,777	11,069,935	11,534,220	11,366,374	11,381,225	11,329,055	11,568,037	16,452,244
Unrestricted grants and contributions	12,445,838	14,511,653	16,566,868	18,290,319	21,110,903	21,776,197	28,261,172	24,907,958	23,181,555	28,152,952
Tuition	6,588,123	8,362,310	9,146,446	11,549,629	11,635,011	11,019,490	11,352,904	13,990,551	13,087,510	11,987,016
Miscellaneous income	940,587	3,796,768	1,889,177	1,505,221	2,565,329	2,996,858	1,276,300	4,160,837	795,224	1,641,934
Transfers & Adjustments	(200,000)	(250,000)	(1,726,535)	(773,475)	(496,312)	(400,000)	(450,000)	(660,000)	(700,000)	(250,000)
Total governmental activities	88,874,559	111,320,386	118,753,391	129,273,076	139,405,275	140,760,188	149,582,921	155,394,174	162,096,112	175,519,676
Business-type activities:						1,325				
Investment earnings										
Capital Contributions	200,000	250,000	1,726,535	743,365	500,000	400,000	450,000	660,000	700,000	250,000
Transfers	200,000	250,000	1,726,535	743,366	500,000	401,325	450,000	660,000	706,688	250,000
Total business-type activities	\$ 88,074,559	\$ 111,570,386	\$ 120,479,926	\$ 130,016,441	\$ 139,905,275	\$ 141,161,513	\$ 150,032,921	\$ 156,054,174	\$ 162,802,800	\$ 175,769,676
Total district-wide										
Changes in Net Assets	\$ (5,350,741)	\$ 12,754,381	\$ 15,151,310	\$ 12,515,788	\$ 11,950,894	\$ 8,797,251	\$ 6,971,342	\$ (2,037,418)	\$ 9,300,138	\$ 20,152,727
Governmental activities	(251,849)	(293,758)	1,138,823	138,758	(11,995)	(537,905)	(147,204)	613,028	134,747	(324,568)
Business-type activities	\$ (5,602,590)	\$ 12,460,623	\$ 16,290,133	\$ 12,654,546	\$ 11,938,899	\$ 8,259,346	\$ 6,824,138	\$ (1,424,390)	\$ 9,434,885	\$ 19,828,159
Total district										

Source: CAFR Schedule A-2

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds,**  
**Last Nine Fiscal Years**  
*(modified accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>									
Restricted									
Committed								\$ 19,091,220	\$ 20,037,565
Assigned								2,384,108	10,466,476
Unassigned								1,104,883	2,284,736
Reserved	\$ 966,393	\$ 6,505,151	\$ 13,735,068	\$ 18,496,880	\$ 19,715,230	\$ 19,309,452	\$ 19,836,230	2,461,644	2,149,969
Unreserved	2,403,650	3,641,821	3,603,354	2,391,316	2,554,926	1,544,758	2,218,854		
<b>Total general fund</b>	<b>\$ 3,370,043</b>	<b>\$ 10,146,972</b>	<b>\$ 17,338,422</b>	<b>\$ 20,888,196</b>	<b>\$ 22,270,156</b>	<b>\$ 20,854,210</b>	<b>\$ 22,055,084</b>	<b>\$ 25,041,855</b>	<b>\$ 34,938,746</b>
<b>All Other Governmental Funds</b>									
Restricted								\$ 13,765,151	\$ 8,225,425
Committed								-	-
Assigned								188,158	235,364
Unassigned								-	-
Reserved	\$ 623,143	\$ -	\$ -	\$ -	\$ -	\$ 348	\$ -		
Unreserved, reported in:									
Special revenue fund	(474,254)	(474,254)	(474,254)	(474,254)	(590,417)	(208,340)	(783,503)		
Capital projects fund	674,154	1,711,674	737,864	646,488	160,143	-	11,789,768		
Debt service fund	750,182	778,398	30,041	14,677	13,200	114	188,272		
Permanent Fund	7,433	7,857	8,521	9,353	9,946	10,299	10,617		
<b>Total all other governmental funds</b>	<b>\$ 1,580,658</b>	<b>\$ 2,023,675</b>	<b>\$ 302,172</b>	<b>\$ 196,264</b>	<b>\$ (407,128)</b>	<b>\$ (197,579)</b>	<b>\$ 11,205,154</b>	<b>\$ 13,953,309</b>	<b>\$ 8,460,789</b>

Source: CAFR Schedule B-1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Tax Levy	\$ 69,100,011	\$ 84,899,655	\$ 92,877,435	\$ 98,701,382	\$ 104,590,344	\$ 105,367,643	\$ 109,142,545	\$ 113,000,828	\$ 125,731,823	\$ 133,987,774
Tuition charges	6,588,123	8,362,310	9,146,446	11,549,629	11,635,011	11,019,490	11,352,904	13,990,550	13,087,510	11,987,016
Miscellaneous	940,587	3,796,768	1,889,177	1,502,221	2,474,473	2,528,858	1,276,300	4,160,841	805,224	1,648,935
State sources	23,132,035	24,457,223	26,181,790	26,620,668	30,174,806	33,464,849	31,844,391	27,088,771	26,523,170	31,070,315
Federal sources	7,386,433	9,408,077	9,348,128	8,883,075	9,295,053	7,831,013	7,454,458	7,998,656	8,569,992	8,087,996
Total Revenue	107,147,189	130,924,033	139,442,976	147,256,975	158,169,687	160,211,853	161,070,598	166,239,646	174,717,720	186,782,036
<b>Expenditures</b>										
Instruction:										
Regular instruction	36,821,994	36,703,689	36,619,843	38,646,015	40,041,639	41,296,645	38,810,166	33,451,799	33,973,473	34,652,480
Special education instruction	3,913,397	4,212,788	4,670,743	5,524,662	5,822,433	6,688,697	7,982,159	16,020,040	17,429,793	17,341,318
Other special education instruction	4,858,011	5,510,461	5,639,181	5,608,805	6,150,613	7,719,713	11,802,459	12,591,193	11,911,553	12,311,440
Support Services:										
Tuition	9,913,805	10,001,039	11,787,115	11,486,841	13,119,037	13,547,289	15,545,172	14,505,847	13,943,629	15,091,976
Student & instruction related services	10,546,845	11,353,410	12,554,124	13,202,405	13,191,567	15,162,572	13,867,193	16,696,955	15,299,914	15,043,882
General administrative services	5,281,357	4,993,977	5,592,160	6,159,091	4,148,273	2,476,851	3,601,602	3,031,806	6,081,132	1,812,582
School administrative services	3,475,103	3,558,946	3,722,550	3,779,706	3,856,559	4,306,583	4,254,759	4,406,220	4,267,735	4,389,306
Central Services					2,392,583	2,555,472	1,757,164	1,689,356	1,658,863	1,557,450
Plant operations and maintenance	10,227,879	10,072,477	11,307,653	12,785,883	14,803,307	14,585,914	14,795,449	13,868,230	13,318,177	14,252,304
Pupil transportation	3,934,499	3,320,897	3,502,609	3,985,435	4,074,303	4,280,565	4,402,560	4,768,978	4,524,112	4,955,343
Unallocated employee benefits	14,909,811	17,602,199	19,803,984	22,149,540	28,727,265	29,219,487	26,120,890	30,443,617	33,330,674	36,558,006
Special Schools	135,813	1,307,083	542,519	1,504,307	1,471,656	1,860,580	1,838,019	221,716		
Capital outlay	10,505,171	3,837,091	3,883,228	3,440,683	3,829,720	2,934,540	4,618,518	39,436,214	27,003,192	6,164,422
Debt service:										
Principal	6,175,000	8,130,000	6,860,000	7,550,000	7,785,000	7,985,000	8,465,000	8,820,000	9,540,000	11,880,000
Interest and other charges	5,908,963	6,016,998	5,505,478	5,190,180	4,811,867	4,413,377	3,955,884	3,345,069	6,000,547	6,117,156
Total Expenditures	126,607,648	126,621,055	131,991,187	141,013,553	154,225,822	159,033,285	161,826,994	203,297,040	198,282,793	182,127,665
Excess (Deficiency) of Revenues over (under) Expenditures	(19,460,459)	4,302,978	7,451,789	6,243,422	3,943,865	1,178,568	(756,396)	(37,057,394)	(23,565,073)	4,654,371
<b>Other Financing Sources (Uses)</b>										
Bond & Lease Proceeds	-	1,935,765	1,494,792	-	-	-	-	50,321,000	30,000,000	-
Transfers	(200,000)	(250,000)	(1,726,635)	(773,475)	(500,000)	(400,000)	(450,000)	(660,000)	(700,000)	(250,000)
Adjustments	(200,000)	1,685,765	(231,843)	(773,475)	(500,000)	(400,000)	(450,000)	49,661,000	29,300,000	(250,000)
Total other financing sources (uses)	(19,660,459)	5,988,743	7,219,946	5,469,947	3,443,865	778,568	(1,206,396)	12,603,606	5,734,927	4,404,371
Net change in fund balances	10%	12%	10%	9%	8%	8%	8%	7%	9%	10%
Debt service as a percentage of noncapital expenditures										

Source: CAFR Schedule B-2

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

**Exhibit J-5**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Miscellaneous</u>	<u>Totals</u>
2003	\$ 137,013.00	\$ 6,588,123.00	\$ 803,408.00	\$ 7,528,544.00
2004	209,135.00	8,362,310.00	3,131,968.00	11,703,413.00
2005	345,352.00	9,146,446.00	1,421,088.00	10,912,886.00
2006	865,663.00	11,549,629.00	276,991.00	12,692,283.00
2007	1,420,616.00	11,635,011.00	500,154.00	13,555,781.00
2008	803,120.00	11,019,490.00	446,383.00	12,268,993.00
2009	267,448.00	11,352,904.00	189,869.00	11,810,221.00
2010	490,059.00	13,990,550.00	3,670,781.73	18,151,390.73
2011	520,497.60	13,087,510.03	263,928.18	13,871,935.81
2012	306,911.67	11,987,016.34	1,342,022.00	13,635,950.01

Source: District Records

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

City of Atlantic City											
Year	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	County Equalized Value	
Ended Dec. 31,											
2003	\$ 452,318,200	\$ 744,987,100	\$ 6,063,189,300	\$ 4,033,400	\$ 103,931,100	\$ 7,368,459,100	9,752,714	\$ 7,378,211,814	1.096	\$ 9,212,614,837	
2004	448,158,400	744,656,900	6,475,793,200	4,315,900	110,384,600	7,783,309,000	9,796,791	7,793,105,791	1.118	9,028,978,449	
2005	452,146,600	790,629,600	6,472,763,400	4,315,900	92,847,100	7,812,702,600	8,073,956	7,820,776,556	1.241	10,738,816,687	
2006	452,014,700	872,254,700	6,505,311,500	4,266,900	81,482,400	7,915,330,200	6,648,973	7,921,979,173	1.279	12,286,058,848	
2007	415,502,100	908,196,200	6,741,345,100	3,987,700	81,482,400	8,150,513,500	4,548,095	8,155,061,595	1.288	18,424,255,022	
2008 r	1,366,814,300	2,855,721,200	15,968,033,100	8,201,400	294,805,600	20,493,575,600	9,596,574	20,503,172,174	0.524	22,463,190,371	
2009	1,196,974,300	2,843,069,300	15,991,767,800	5,387,300	272,870,500	20,310,069,200	10,926,473	20,320,995,673	0.547	19,604,233,002	
2010	1,181,823,900	2,799,361,800	16,222,646,800	4,848,500	262,355,900	20,471,036,900	9,817,552	20,480,854,452	0.584	20,143,170,351	
2011	1,266,586,600	2,655,289,700	15,293,324,400	4,484,800	228,780,000	19,448,465,500	9,365,428	19,457,830,928	0.670	15,448,890,426	
2012	1,047,061,800	2,529,214,300	14,273,972,200	4,484,800	223,515,900	18,078,249,000	9,086,367	18,087,335,367	0.742	15,016,404,000	

Source: County Abstract of Ratables & Municipal Tax Assessor

Exhibit J-7

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

Year Ended Dec. 31,	CITY OF ATLANTIC CITY SCHOOL DISTRICT				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	Municipal Local Purpose		
2003	\$ 0.876	\$ 0.220	\$ 1.096	0.483	\$ 0.025	\$ 1.765	\$ 3.369	
2004	0.988	0.130	1.118	0.434	0.023	1.846	3.421	
2005	1.091	0.150	1.241	0.454	0.027	1.780	3.502	
2006	1.139	0.140	1.279	0.453	0.031	1.933	3.696	
2007	1.148	0.140	1.288	0.511	0.045	1.882	3.726	
2008 r	0.464	0.060	0.524	0.238	0.022	0.882	1.666	
2009	0.487	0.060	0.547	0.236	0.005	0.925	1.713	
2010	0.529	0.055	0.584	0.253	0.005	0.967	1.809	
2011	0.611	0.059	0.670	0.237	0.004	1.036	1.947	
2012	0.652	0.090	0.742	0.287	0.005	1.130	2.164	

r = Reassessed

Source: District Records and Municipal Tax Collector

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

**Exhibit J-8**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Marina District Development	2,262,391,300	1	12.51%	508,500,000	6	6.89%
Trump Taj Mahal Assoc	1,625,504,800	2	8.00%	660,826,800	2	8.96%
Bally of NJ	1,492,289,800	3	7.67%	679,938,000	1	9.22%
Revel Atlantic City LLC	1,470,000,000	4	8.13%			0.00%
Marina Associates	1,469,980,700	5	7.23%	525,230,200	5	7.12%
Adamar of NJ	1,258,906,600	6	6.20%	550,951,300	4	7.47%
Boardwalk Regency	1,048,906,000	7	5.80%	625,717,800	3	
Trump Plaza Corp	723,084,000	8	3.56%	388,063,000	6	5.26%
Mirage AC Corp	677,858,100	9	3.75%	296,896,300	11	4.02%
Trump Castle Asso	653,447,400	10	3.61%	308,138,000	10	4.18%
<b>Totals</b>	<b>\$ 10,419,977,400</b>		<b>53.94%</b>	<b>\$ 4,035,761,400</b>		<b>46.22%</b>
	<b>District Assessed Value</b>		<b>\$ 18,087,335,367</b>			<b>\$ 7,378,211,814</b>

Source: District CAFR & Municipal Tax Assessor

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

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	
2003	\$ 69,100,011.00	\$ 69,100,011.00	100%	-
2004	84,899,655.00	84,899,655.00	100%	-
2005	92,877,435.00	92,877,435.00	100%	-
2006	98,701,382.00	98,701,382.00	100%	-
2007	104,590,344.00	104,590,344.00	100%	-
2008	105,367,643.00	105,367,643.00	100%	-
2009	109,142,545.00	109,142,545.00	100%	-
2010	125,731,823.00	113,000,828.00	90%	-
2011	125,731,823.00	125,731,823.00	100%	-
2012	133,987,774.00	133,987,774.00	100%	-

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type,**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities		*	
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income	Per Capita Personal Income	*
2003	\$ 107,123,000	\$ 9,935,000	\$ 2,640,508	-	-	\$ 119,698,508	0.03%	\$ 33,623	
2004	99,708,000	9,220,000.00	3,421,027	-	-	112,349,027	0.03%	34,671	
2005	93,593,000	8,475,000.00	3,125,142	-	-	105,193,142	0.03%	35,826	
2006	86,818,000	7,700,000.00	1,426,220	-	-	95,944,220	0.04%	37,194	
2007	79,843,000	6,890,000.00	388,921	-	-	87,121,921	0.04%	38,553	
2008	72,240,000	6,040,000.00	-	-	-	78,280,000	0.05%	39,923	
2009	64,665,000	5,150,000	-	-	-	69,815,000	0.06%	39,156	
2010	107,176,000	4,220,000	-	-	-	111,396,000	0.04%	39,156	
2011	128,706,000	3,305,000	-	-	-	132,011,000	0.03%	39,156	
2012	118,126,000	2,240,000	-	-	-	120,366,000	0.03%	39,746	

\* Information presented for Atlantic County, not just the City of Atlantic City.

Source: District CAFR Schedules I-1, I-2

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

**Exhibit J-11**

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	* Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 107,123,000	\$ -	\$ 107,123,000	1.45%	\$ 33,623
2004	99,708,000	-	99,708,000	1.28%	34,671
2005	93,593,000	-	93,593,000	1.20%	35,826
2006	86,818,000	-	86,818,000	1.10%	37,194
2007	79,843,000	-	79,843,000	0.98%	38,553
2008	72,240,000	-	72,240,000	0.35%	39,923
2009	64,665,000	-	64,665,000	0.32%	39,156
2010	107,176,000	-	107,176,000	0.53%	39,156
2011	128,706,000	-	128,706,000	0.63%	39,156
2012	118,126,000	-	118,126,000	0.61%	39,746

\* Information presented for Atlantic County, not just the City of Atlantic City.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt,**  
**As of December 31, 2011**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
City of Atlantic City	\$ 140,099,572.00	100.00%	\$ 140,099,572.00
<b>Other Debt</b>			
County of Atlantic	131,518,545.00	34.05%	44,777,463.96
Subtotal, Overlapping Debt			184,877,035.96
<b>City of Atlantic City School District Debt</b>			<u>118,126,000.00</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 303,003,035.96</u></u>

CITY OF ATLANTIC CITY SCHOOL DISTRICT  
 Legal Debt Margin Information,  
 Last Ten Years

Exhibit J-13

	Equalized valuation basis									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2011
Debt limit	\$ 285,716,668	\$ 314,471,203	\$ 365,200,617	\$ 420,601,346	\$ 540,093,451	\$ 694,434,090	\$ 805,700,187	\$ 848,732,324	\$ 752,465,694	\$ 717,219,749
Total net debt applicable to limit	107,123,000	99,708,000	93,593,000	88,818,000	79,843,000	72,240,000	64,665,000	107,176,000	128,706,000	118,126,000
Legal debt margin	\$ 178,593,668	\$ 214,763,203	\$ 271,607,617	\$ 331,783,346	\$ 460,250,451	\$ 622,194,090	\$ 741,035,187	\$ 741,556,324	\$ 623,759,694	\$ 599,093,749
Total net debt applicable to the limit as a percentage of debt limit	37.49%	31.71%	25.63%	21.12%	14.78%	10.40%	8.03%	12.63%	17.10%	16.47%

Average equalized valuation of taxable property	\$ 17,930,493,733
Debt limit (4% of average)	717,219,749
Net bonded school debt	118,126,000
Legal debt margin	\$ 599,093,749

Equalized valuation basis	\$ 17,756,290,971
2011	16,154,543,008
2010	19,880,647,220
2009	\$ 53,791,481,199

Source: District Records CAFR

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Demographic and Economic Statistics,**  
**Last Ten Fiscal Years**

**Exhibit J-14**

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	* Per Capita Personal Income	Unemployment Rate
2003	40,235	\$ 1,352,821	\$ 33,623	11.40%
2004	40,187	1,393,323	34,671	12.00%
2005	39,978	1,432,252	35,826	10.50%
2006	39,661	1,475,151	37,194	8.00%
2007	39,596	1,526,545	38,553	8.40%
2008	39,416	1,573,605	39,923	8.80%
2009	39,620	1,551,361	39,156	9.44%
2010	39,558	1,548,933	39,156	13.30%
2011	39,558	1,548,933	39,156	13.60%
2012	39,527	1,571,040	39,746	17.2%

\* Information presented for Atlantic County, not just the City of Atlantic City.

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

**Exhibit J-15**

Employer	2010			2001		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment

This information is not available.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program:**  
**Last Ten Fiscal Years**

Exhibit J-16

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Function/Program</b>	Not Available	Not Available	Not Available							
Instruction:										
Regular instruction				628	651	622	625	607	577	634
Special education instruction				170	43	118	142	173	127	138
Other Instruction				13	11	17	13	13	61	42
Support Services:										
Student & instruction related services				102	148	98	98	131	158	96
General administrative services				13	13	10	10	10	12	10
School administrative services				55	53	53	56	59	62	55
Central Services				21	22	22	22	22	22	23
Plant operations and maintenance				176	143	151	152	149	141	141
Pupil transportation				1	1	1	1	2	21	2
Food Service				2	2	1	1	1	1	1
<b>Total</b>	-	-	-	<u>1,181</u>	<u>1,087</u>	<u>1,093</u>	<u>1,120</u>	<u>1,167</u>	<u>1,182</u>	<u>1,142</u>

Source: District Personnel Records

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Operating Statistics,**  
**Last Ten Fiscal Years**

**Exhibit J-17**

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADE)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2003	7,251	\$ 89,801,550	\$ 14,345	14.28%	723	23:1	10:1	13:1	7,251	6,548	1.36%	90.30%
2004	6,936	104,018,514	15,663	9.19%	687	17:1	9:1	11:1	6,949	6,413	-4.16%	92.29%
2005	7,118	108,636,966	16,261	3.82%	681	17:1	n/a	14:1	6,918	6,368	-0.45%	92.05%
2006	7,164	115,742,481	17,425	7.16%	684	17:1	n/a	14:1	6,893	6,355	-0.36%	92.19%
2007	7,368	124,832,690	18,702	7.33%	651	17:1	n/a	16:1	6,632	6,098	-3.79%	91.95%
2008	7,060	137,799,235	20,354	8.83%	685	17:1	n/a	12:1	6,281	5,815	-5.29%	92.58%
2009	6,995	143,700,368	20,699	1.69%	752	9:1	n/a	11:1	6,231	5,794	-0.80%	92.99%
2010	7,106	144,787,592	20,375	-1.56%	721	9:1	n/a	11:1	6,411	5,952	2.89%	92.84%
2011	7,067	157,966,087	22,353	9.70%	765	9:1	n/a	11:1	6,484	6,057	1.14%	93.41%
2012	7,041	160,224,699	22,756	1.80%	814	9:1	n/a	11:1	6,416	5,981	-1.05%	93.22%

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**School Building Information,**  
**Last Ten Fiscal Years**

Exhibit J-18

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>District Buildings</u></b>										
<b><u>Elementary</u></b>										
Brighton Avenue (1905 & 1916)										
Square Feet	53,100	53,100	53,100	53,100	53,100	53,100	53,100	53,100	53,100	53,100
Capacity (students)	315	315	315	315	315	315	315	315	315	284
Enrollment	475	468	-	72	88	74	109	358	346	199
Chelsea Heights (1950, 1976 & 2001)										
Square Feet	32,100	32,100	32,100	32,100	32,100	32,100	32,100	32,100	32,100	28,890
Capacity (students)	388	388	388	388	388	388	388	388	388	349
Enrollment	341	341	368	383	388	384	364	415	383	422
Dr. Martin Luther King School (1976 & 2001)										
Square Feet	91,200	91,200	91,200	91,200	91,200	91,200	91,200	91,200	91,200	91,200
Capacity (students)	811	811	811	811	811	811	811	811	811	730
Enrollment	613	697	649	613	627	564	536	539	576	667
Indiana Avenue (1906 & 1922) East Campus										
Square Feet	76,640	76,640	76,640	76,640	76,640	76,640	76,640	76,640	76,640	68,976
Capacity (students)	549	549	549	549	549	549	549	549	549	494
Enrollment	506	462	60	64	42	57	95	41	110	144
Ohio Avenue										
Square Feet										
Capacity (students)										
Enrollment	434	366								
Pennsylvania Avenue (2012)										
Square Feet										
Capacity (students)										
Enrollment										
New Jersey Avenue (1925)										
Square Feet	78,880	78,880	78,880	78,880	78,880	78,880	78,880	78,880	78,880	70,992
Capacity (students)	781	781	781	781	781	781	781	781	781	703
Enrollment	556	528	422	403	351	302	285	299	351	-
New York (2004)										
Square Feet										
Capacity (students)										
Enrollment										
Richmond Avenue (1925)										
Square Feet	44,675	44,675	44,675	44,675	44,675	44,675	44,675	44,675	44,675	-
Capacity (students)	571	571	571	571	571	571	571	571	571	-
Enrollment	395	352	371	378	405	378	371	-	-	-
Sovereign Avenue (2004)										
Square Feet										
Capacity (students)										

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
School Building Information,  
Last Ten Fiscal Years**

Exhibit J-18

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>District Buildings</u></b>										
Enrollment			771	792	718	741	738	736	798	891
Texas Avenue (1928 & 1956)										
Square Feet	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	57,600
Capacity (students)	405	405	405	405	405	405	405	405	405	365
Enrollment	441	412	444	411	494	478	541	591	618	580
Uptown School Complex (1977, 1988 & 2001)										
Square Feet	111,385	111,385	111,385	111,385	111,385	111,385	111,385	111,385	111,385	100,247
Capacity (students)	654	654	654	654	654	654	654	654	654	589
Enrollment	792	835	790	737	687	630	600	626	581	504
Venice Park (1950)										
Square Feet	7,171	7,171	7,171	7,171	7,171	7,171	7,171	7,171	7,171	6,454
Capacity (students)	180	180	180	180	180	180	180	180	180	162
Enrollment	26	34	26	35	26	34	27	79	97	99
<b><u>High School</u></b>										
Atlantic City High School (1994)										
Square Feet	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	414,000
Capacity (students)	1,703	1,703	1,703	1,703	1,703	1,703	1,703	1,703	1,703	1,533
Enrollment	2,540	2,598	2,647	2,590	2,497	2,321	2,200	2,292	2,104	2,112
<b><u>Other</u></b>										
Boathouse (1994)										
Square Feet	12,039	12,039	12,039	12,039	12,039	12,039	12,039	12,039	12,039	12,039
Total Enrollment	7,119	7,093	7,181	7,066	6,842	6,449	6,365	6,511	6,546	6,117
Number of Schools at June 30, 2012										
Elementary - 10										
High School - 1										
Other - 1										

Source: District Records, ASSA

CITY OF ATLANTIC CITY SCHOOL DISTRICT  
 General Fund  
 Schedule of Required Maintenance for School Facilities,  
 Last Ten Fiscal Years  
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Atlantic City High School	N/A	\$ 641,866	\$ 614,965	\$ 849,677	\$ 1,372,946	\$ 415,924	\$ 1,573,402	\$ 816,721	\$ 687,049	\$ 973,821	\$ 1,082,372
Boathouse	N/A	15,940	15,272	7,558	8,965	6,153	27,751	9,270	9,874	10,922	15,764
Texas Avenue	N/A	91,174	87,352	211,184	237,097	98,887	270,182	396,066	285,894	282,703	197,709
Uptown School Complex	N/A	145,433	139,337	418,656	422,553	133,629	537,551	584,131	430,614	267,794	208,649
Dr. Martin Luther King School	N/A	138,592	132,783	241,663	264,634	114,195	313,646	408,188	381,358	405,563	111,283
New Jersey Avenue	N/A	112,512	107,797	122,835	120,984	91,996	349,401	96,699	132,207	173,822	22,445
Indiana Avenue	N/A	109,317	104,735	55,889	150,279	36,389	161,405	205,962	263,490	183,848	17,461
Brighton Avenue	N/A	75,783	72,607	110,891	173,157	39,088	172,908	430,383	312,317	121,859	69,487
Richmond Avenue	N/A	63,723	61,052	110,891	231,511	139,499	173,006	166,428	70,599	6,012	1,610
Chelsea Heights	N/A	33,149	31,760	121,528	269,797	102,126	229,931	308,801	244,309	201,788	107,681
Maintenance	N/A	12,050	11,545								
Administration Building	N/A	25,580	24,508	76,752							
Ohio Avenue	N/A	151,680	145,323								
New York	N/A			118,584	132,010	71,482	194,516	577,883	180,159	162,459	186,148
Sovereign Avenue	N/A			150,179	183,420	31,735	174,055	321,620	243,113	227,248	98,500
Venice Park	N/A	9,599	9,198	86,656	70,264	30,447	68,172	99,630	69,884	98,786	23,824
<b>Total School Facilities</b>	N/A	<b>1,626,398</b>	<b>1,558,234</b>	<b>2,572,052</b>	<b>3,637,617</b>	<b>1,311,550</b>	<b>4,245,926</b>	<b>4,421,782</b>	<b>3,310,868</b>	<b>3,116,625</b>	<b>2,142,933</b>
Other Facilities	N/A	-	-	-	67,494	17,492	250,729	154,474	68,180	120,310	8,887
<b>Grand Total</b>	N/A	<b>\$ 1,626,398</b>	<b>\$ 1,558,234</b>	<b>\$ 2,572,052</b>	<b>\$ 3,705,111</b>	<b>\$ 1,329,042</b>	<b>\$ 4,496,655</b>	<b>\$ 4,576,256</b>	<b>\$ 3,379,048</b>	<b>\$ 3,236,935</b>	<b>\$ 2,151,820</b>

Source: District Records

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Insurance Schedule**  
**For the Fiscal Year Ended June 30, 2012**  
*(Unaudited)*

**Exhibit J-20**

Company	Type of Coverage	Amount of Coverage	Deductible
Multi - peril policy expiring November 1, 2012 with New Jersey School Boards Association Insurance Group providing the following coverage:			
	Property		
	Blanket Buildings & Contents	\$ 300,000,000	\$ 5,000
	Valuable Papers	10,000,000	5,000
	Extra Expenses - Blanket	50,000,000	5,000
	Earthquake	50,000,000	
	Demolition & Increased Cost of Construction	10,000,000	
	Loss of Business Income / Tuition	1,000,000	
	Flood - Zone A & V	10,000,000	500,000
	All other Zones	50,000,000	10,000
	Fire Department Service Charge	10,000	
	Arson Reward	10,000	
	Pollutant Cleanup & Removal	250,000	
	Terrorism - each Occurrence	1,000,000	
	Liability		
	Comprehensive Coverage	16,000,000	1,000
	Boiler & Machinery		
	Property Damage	100,000,000	5,000
	Sub limits		
	Off Premises Property Damage	100,000	5,000
	Extra Expense	10,000,000	5,000
	Service Interruption	10,000,000	5,000
	Contingent Business Income	100,000	5,000
	Perishable Goods	500,000	5,000
	Data Restoration	100,000	5,000
	Demolition	1,000,000	5,000
	Ordinance or Law	1,000,000	5,000
	Newly Acquired Locations	250,000	5,000
	Expediting Expenses	500,000	5,000
	Hazardous Substances	500,000	5,000

Source: District Records

# **Single Audit Section**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE 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 Atlantic City School District  
County of Atlantic, New Jersey

We have audited the basic financial statements of the Board of Education of the City of Atlantic City School District, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 20, 2012. 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 presented by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Board of Education of the City of Atlantic City School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Atlantic City School District 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Atlantic City School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Atlantic City School District 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies: 2012-1, 2012-2, 2012-3, and 2012-4.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Atlantic City School District Board of Education's basic 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 basic 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 prescribed by the Division of Finance, Department of Education, and State of New Jersey.

This report is intended for the information of the management of the City of Atlantic City School District Board of Education, the New Jersey State Department of Education (the cognizant audit agency), other state and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these parties.

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

*Kenneth Moore*

Kenneth Moore  
Certified Public Accountant  
Licensed Public School Accountant  
No. 499

October 20, 2012

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND NEW JERSEY OMB CIRCULAR 04-04**

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

Compliance

We have audited the compliance of the Board of Education of the City of Atlantic City School District in the County of Atlantic, State of New Jersey with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012. The City of Atlantic City Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of City of Atlantic City Board of Education's management. Our responsibility is to express an opinion on City of Atlantic City 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; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, OMB 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*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about City of Atlantic City 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 City of Atlantic City Board of Education's compliance with those requirements.

In our opinion, the City of Atlantic City Board of Education School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2012.

## Internal Control Over Compliance

The management of City of Atlantic City Board of Education School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered City of Atlantic City Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ 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 City of City of Atlantic City Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 and state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 for the information of the management of the City of Atlantic City Board of Education, the New Jersey State Department of Education (cognizant audit agency), other state and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these parties.

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

*Kenneth Moore*

**Kenneth Moore**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 499**

**October 20, 2012**

**CITY OF ATLANTIC CITY SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balance at June 30, 2011	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2012	Deferred Revenue	Due to Grantor at June 30, 2012
<b>U.S. Department of Education</b>												
General Fund:												
Impact Aid	84.041	N/A	\$ 28,723.25	9/1/2011	8/31/2012	\$ -	28,723.25	\$ (28,723.25)		\$ -		\$ -
Medical Assistance Program (SEMI)	93.778	N/A	133,280.31	9/1/2011	8/31/2012		129,498.68	(133,280.31)		(3,761.63)		
Medical Assistance Program (SEMI)	93.778	N/A	183,908.40	9/1/2010	8/31/2011	(11,677.36)	572,927.36	(661,810.22)		(88,882.53)		
Education Jobs Fund	84.410	N/A	628,859.47	9/1/2011	8/31/2012		742,826.98	(823,793.76)		(92,644.16)		
Total General Revenue Fund						(11,677.36)						
<b>U.S. Department of Education</b>												
Passed-Through State Department												
Education:												
Special Revenue Fund:												
Title I	84.010	NCLB-0110	3,359,580	9/1/2011	8/31/2012		2,103,470.00	(2,522,281.00)		(418,811.00)		
Title I	84.010	NCLB-0110	3,410,166	9/1/2010	8/31/2011	(773,146.00)	1,706,322.00	(1,101,609.00)		(168,433.00)		
Title I	84.010	NCLB-0110	2,713,057	9/1/2009	8/31/2010	(101,433.00)	101,433.00			(159,330.00)		
Title I - SIA	84.010	NCLB-0110	212,460	9/1/2010	8/31/2011	(52,168.00)	53,130.00	(160,292.00)				
ARRA - Title I - SIA	84.388	ARRA-0110	186,992	9/1/2009	8/31/2011		186,992.00	(186,992.00)				
ARRA - Title I, Part A	84.389	ARRA-0110	2,322,021	9/1/2009	8/31/2011	(170,536.00)	280,925.00	(110,389.00)				
I.D.E.A. Part B, Basic Regular	84.027	FT-0110	1,598,135	9/1/2011	8/31/2012	(322,289.00)	1,499,034.00	(68,763.00)		(99,101.00)		
I.D.E.A. Part B, Basic Regular	84.027	FT-0110	1,520,759	9/1/2010	8/31/2011	(327,487.00)	381,052.00	(178,156.00)				
ARRA - I.D.E.A. Part B	84.391	ARRA-0110	679,128	9/1/2009	8/31/2011		505,643.00	(38,194.00)				
I.D.E.A. Part B, Preschool	84.027	FT-0110	38,194	9/1/2011	8/31/2012	(37,261.00)	37,261.00					
I.D.E.A. Part B, Preschool	84.027	FT-0110	37,261	9/1/2010	8/31/2011	(7,902.00)	7,902.00					
ARRA - I.D.E.A. Preschool	84.392	ARRA-0110	41,406	9/1/2009	8/31/2011	(33,543.00)	33,543.00					
Perkins	84.048	PERK-0110	79,257	9/1/2010	8/31/2011		136,082.00	(137,428.00)		(1,346.00)		
Perkins	84.048	PERK-0110	137,428	9/1/2011	8/31/2012		537,268.00	(680,332.00)		(143,064.00)		
Title IIA	84.367A	NCLB-0110	680,332	9/1/2011	8/31/2012		247,482.00					
Title IIA	84.367A	NCLB-0110	759,973	9/1/2010	8/31/2011	(247,482.00)						
Title IID	84.318	NCLB-0110	7,738	9/1/2009	8/31/2010		7,361.00	(7,361.00)				
Title III	84.365	NCLB-0110	297,427	9/1/2011	8/31/2012		205,392.00	(221,929.00)		(16,537.00)		
Title III	84.365	NCLB-0110	265,872	9/1/2010	8/31/2011	(57,707.00)	116,480.00	(64,936.00)		(6,163.00)		
Title III Immigrant	84.365	NCLB-0110	198,399	9/1/2011	8/31/2012		145,218.00	(197,405.00)		(52,187.00)		
Title III Immigrant	84.365	NCLB-0110	122,278	9/1/2010	8/31/2011	(44,343.00)	44,343.00					
Total Special Revenue Fund						(2,175,297.00)	8,336,333.00	(7,264,202.00)		(1,103,166.00)		
<b>U.S. Department of Agriculture</b>												
Passed-through State Department												
of Education:												
Enterprise Fund:												
National School Lunch Program	10.555	N/A	2,284,778	7/1/2010	6/30/2011	(159,065.36)	159,065.36			(439,797.90)		
National School Lunch Program	10.555	N/A	2,449,805	7/1/2011	6/30/2012		2,010,007.10	(2,449,805.00)				
National School Breakfast Program	10.553	N/A	707,034	7/1/2010	6/30/2011	(51,916.36)	51,916.36					
National School Breakfast Program	10.553	N/A	1,289,134	7/1/2011	6/30/2012		1,047,960.75	(1,289,134.05)		(241,173.30)		
National School Snack Program	10.555	N/A	44,199	7/1/2010	6/30/2011	(705.22)	705.22					
National School Snack Program	10.555	N/A	52,399	7/1/2011	6/30/2012		47,409.56	(52,398.96)		(4,989.40)		
Fresh Fruit & Vegetable	10.582	N/A	216,530	7/1/2010	6/30/2011	(71,448.50)	71,448.50					
Fresh Fruit & Vegetable	10.582	N/A	226,152	7/1/2011	6/30/2012		185,339.19	(226,152.24)		(40,813.05)		
Food Distribution Program	10.550	N/A	103,598	7/1/2011	6/30/2012		103,597.67	(103,597.67)				
Total Enterprise Fund						(283,135.44)	3,677,449.71	(4,121,087.92)		(726,773.65)		
Total Federal Financial Awards			\$			(2,470,109.80)	12,756,609.69	(12,209,083.70)		(1,922,583.81)		\$



**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2012**

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003,c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$269,816.00 for the general fund and \$23,200.00 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>TPAF Pension</u>	<u>Total</u>
General Fund	\$ 823,793.78	\$ 27,598,973.80	\$ (5,697,628.00)	\$ 22,725,139.58
Special Revenue Fund	7,264,202.00	2,407,603.69		9,671,805.69
Debt Service Fund		1,356,754.00		1,356,754.00
Food Service Fund	<u>4,121,087.92</u>	<u>49,905.72</u>		<u>4,170,993.64</u>
	<u>\$ 12,209,083.70</u>	<u>\$ 31,413,237.21</u>	<u>\$ (5,697,628.00)</u>	<u>\$ 37,924,692.91</u>

The On-Behalf Pension Contributions made for the district by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2012  
(CONTINUED)**

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

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the U.S.D.A. Commodities Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. 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, 2012.

**NOTE 6. ADJUSTMENTS**

The District has instances where a grant period overlaps fiscal years and the grant has not closed out at the end of the current fiscal year.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING JUNE 30, 2012**

**I. SUMMARY OF AUDITORS RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified Opinion issued on the Basic Financial Statements

Internal control over financial reporting:

- 1) Material weakness identified? No
- 2) Significant deficiencies identified? Yes

Noncompliance material to basic financial Statements noted? No

**Federal Awards**

Internal control over major programs:

- 1) Material weakness identified? No
- 2) Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major programs: An Unqualified Opinion was issued on compliance for major programs

Any audit findings disclosed that are required to be reported In accordance with section .510(a) of Circular A-133? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<b>Title I, Part A Cluster</b>	
84.010	Title I
84.389	ARRA – Title I, Part A
<b>Title III, Part A</b>	
84.365	Title III
<b>Special Education Cluster</b>	
84.027	IDEA Part B, Basic
84.173	IDEA Part B, Preschool
84.391	ARRA - IDEA Part B, Basic
84.392	ARRA - IDEA Part B, Preschool
<b>Education Jobs Fund</b>	
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs: \$366,273

Auditee qualified as low-risk auditee? Yes

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDING JUNE 30, 2012  
 (CONTINUED)**

**I. SUMMARY OF AUDITORS RESULTS - Continued**

**State Awards**

Dollar threshold used to distinguish between type A and Type B Programs:	\$771,468
Auditee qualified as low-risk auditee?	Yes
Type of auditor's report issued on compliance for major programs:	An Unqualified Opinion was issued on compliance for major programs
Internal Control over major programs:	
1) Material weakness identified?	No
2) Significant deficiencies identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	No
Identification of major programs:	

**GMIS Numbers**

**Name of State Program**

495-034-5120-086  
 495-034-5095-002

Preschool Aid  
 TPAF Reimbursement

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING JUNE 30, 2012  
(CONTINUED)**

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS**

**Finding #2012-1:**

**Criteria:**

All funds must be self-balancing, and budgeted fund balance cannot exceed available fund balance.

**Condition:**

The Debt Service Fund budget for the 2012-13 fiscal year included a fund balance contribution that was in excess of the available fund balance.

**Context:**

The 2012-13 budget included \$161,921 of fund balance that had already been used as a part of the 2011-12 budget.

**Cause:**

The preparation of the 2012-13 budget involved individuals who were unfamiliar with the financial status of the District.

**Effect:**

The District will show a deficit in fund balance for the Debt Service Fund for the fiscal year 2012-13.

**Recommendation:**

The available fund balance should be confirmed with the business office prior to the budget being finalized.

**Views of responsible officials and corrective actions:**

A corrective action plan will be filed by the district to address this finding.

**Finding #2012-2:**

**Criteria:**

Accounts receivable must be properly recorded when the revenue is earned and monitored to ensure collection.

**Condition:**

Accounts receivable for the 2010-11 fiscal year remained open through the 2011-12 fiscal year with no follow up for collection. Amounts due to the Board as of June 30, 2012 for the current fiscal year were not properly recorded in the general ledger.

**Context:**

More than \$150,000 of audit adjustments were required to bring the receivable accounts to the proper balances.

**Cause:**

The district did not properly record the revenue earned during the current fiscal year.

**Effect:**

The Board is not aware of balances that were due to the District but never collected, and were unable to determine accurate revenues and receivables from the monthly reports.

**Recommendation:**

That the Board establish procedures to properly record and track revenue and receivables.

**Views of responsible officials and planned corrective actions:**

A corrective action plan will be filed by the district to address this finding.

**Finding #2012-3:**

**Criteria:**

Accurate financial records must be maintained for the Food Service Fund.

**Condition:**

Food service accounting records maintained by the District's business office did not agree with the records maintained by the food service provider.

**Context:**

More than \$625,000 of audit adjustments were required to bring the food service accounts to the proper balances.

**Cause:**

The district did not reconcile the business office financial records to the food service provider records during the current fiscal year.

**Effect:**

The Board does not have accurate financial information to make informed decisions regarding the management of the food service fund.

**Recommendation:**

That the Board establish procedures to properly reconcile the business office records to the food service provider records.

**Views of responsible officials and planned corrective actions:**

A corrective action plan will be filed by the district to address this finding.

**Finding #2012-4:**

**Criteria:**

Deficits in the fund balance are not allowed in any fund.

**Condition:**

The food service fund had a deficit balance at the end of the 2011-12 fiscal year.

**Context:**

A deficit of \$20,320 was present in the food service fund balance as of June 30, 2012.

**Cause:**

The district did not monitor the food service fund financial records to ensure that the fund would not incur a deficit for the current year.

**Effect:**

The District will have to cover the deficit in the food service fund during the 2012-13 fiscal year..

**Recommendation:**

That the Board establish procedures to properly monitor the food service fund to ensure there is no fund balance deficit.

**Views of responsible officials and planned corrective actions:**

A corrective action plan will be filed by the district to address this finding

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING JUNE 30, 2012  
(CONTINUED)**

**III. FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

Federal:                      None

State:                              None

**CITY OF ATLANTIC CITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**STATUS OF PRIOR YEAR FINDINGS**

**Finding #2011-1:**

Student workers are being paid with an accounts payable check as opposed to a payroll check and therefore proper tax withholdings and reporting are not being made.

This finding was cleared in 2012.

**Finding #2011-2:**

The grant budget for the IDEA Part B, Basic Regular Grant was entered into the District's accounting software incorrectly for one line item.

This finding was cleared in 2012.