

**Comprehensive Annual
Financial Report**

of the

City of Atlantic City Board of Education

Atlantic County, New Jersey

For the Fiscal Year Ended June 30, 2016

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Introductory Section

ATLANTIC CITY BOARD OF EDUCATION
1300 Atlantic Avenue – 5th Floor, Atlantic City, NJ 08401
(609) 343-7200 ext. 5038 Fax (609) 347-1549

October 21, 2016

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

Dear Board Members of the Atlantic City Board of Education:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the 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 1996 and the US. Office of Management and Budget Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB Circular 15-08, *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 School District is made up of eight elementary schools, one preschool, one grades 9 through 12 high school and one alternative school. In addition to attending the schools within the district, many students are placed out-of-district for special education, alternative and adult school programs. Included with the high school enrollment are students sent from the neighboring communities of Brigantine, Ventnor, Margate and Longport on a tuition basis.

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 programs for handicapped children. The District completed the 2015-2016 fiscal year with an enrollment of students of 7,155. The following details the changes in the student enrollment of the District over the last ten years can be found on Schedule J-17 of this audit report.

2) ECONOMIC CONDITION AND OUTLOOK: The Atlantic City Board of Education maintained a surplus during the 2015-2016 fiscal year, though less than prior years' surpluses. This fund balance continues to decrease, however, as we infuse it into the budget to help stabilize the tax levy. The local tax levy represents approximately 75% of the total revenue supporting the general fund for the 2015-2016 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.

Atlantic City tax ratables continue to decline with both residential and casino assessment appeals. A city-wide revaluation was completed in 2007 and took affect in August 2008. As a result of ongoing tax appeals, the percentage of tax revenue paid by the casinos has decreased by approximately eight percent.

The District passed a bond referendum question in April 2009 in the amount of \$80,321,000 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated 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, 2016 the District's outstanding debt issues totaled \$75,256,000.00 of general obligation bonds.

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, hazard insurance on property and contents, errors and omissions as well as automobile liability and comprehensive/collision. Key employees hold 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 Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Atlantic City Board for their diligence 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's 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,

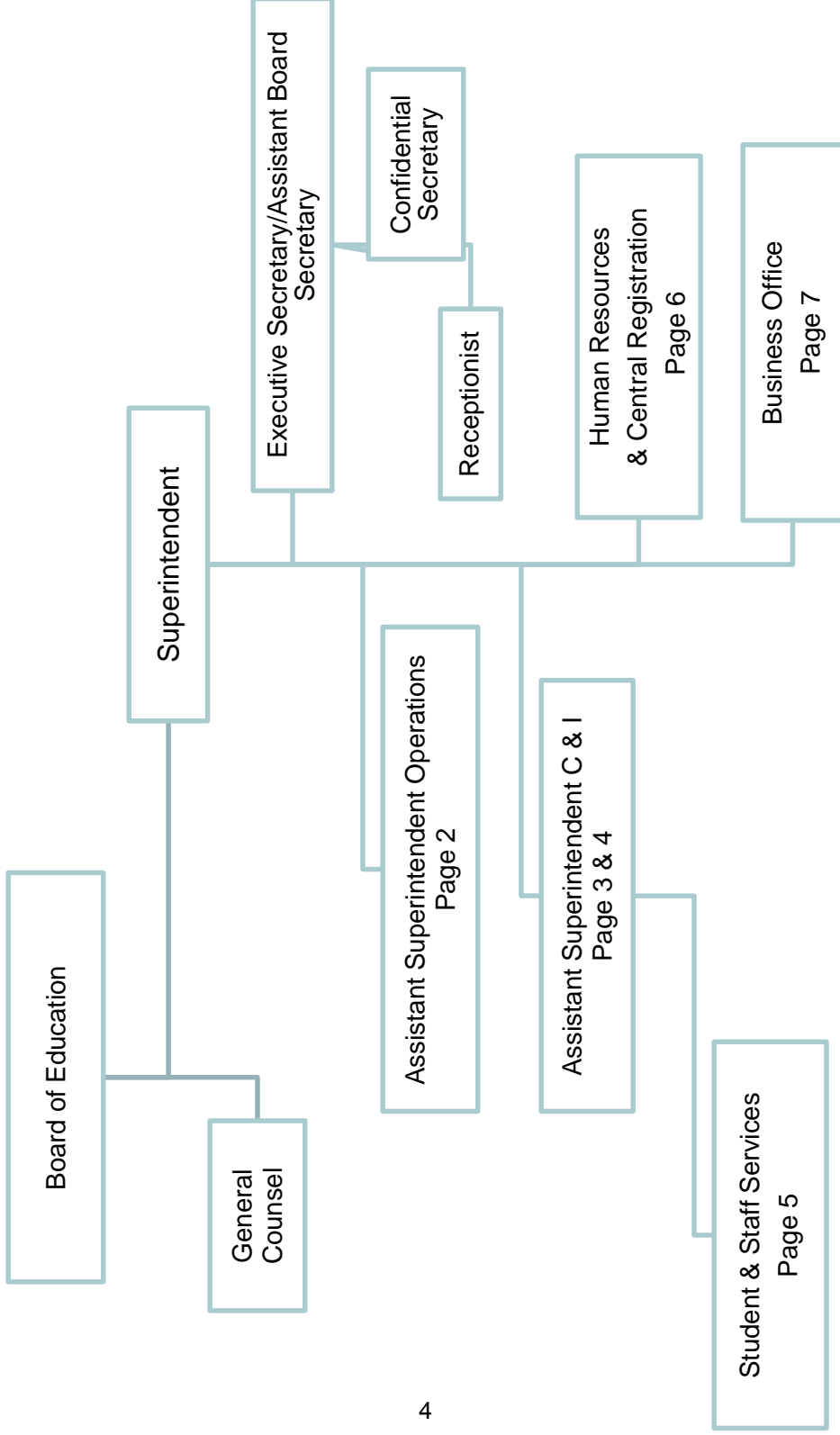
Paul Spaventa

Paul Spaventa
Interim Superintendent of Schools

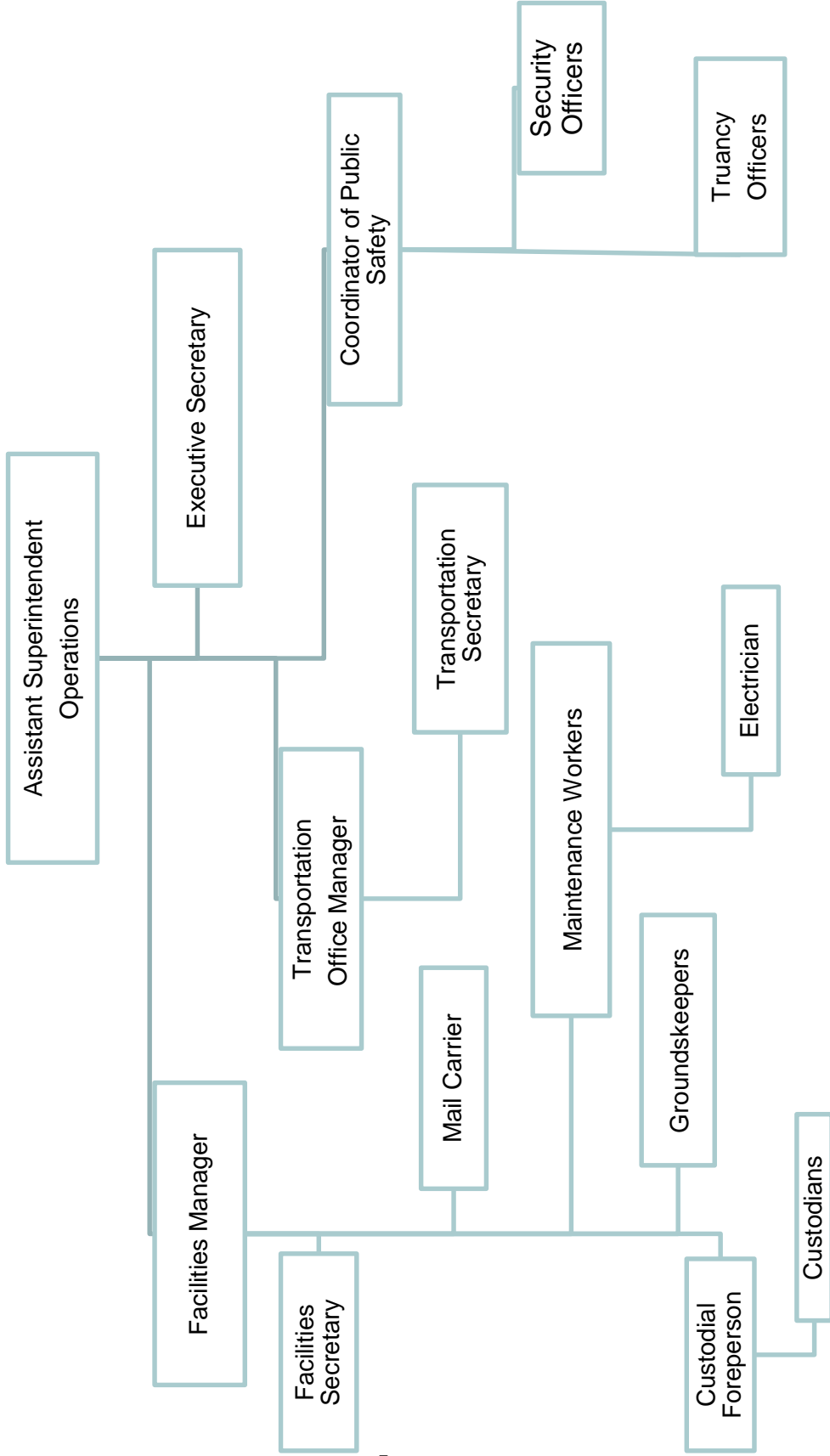
Celeste Ricketts

Celeste Ricketts
Business Administrator

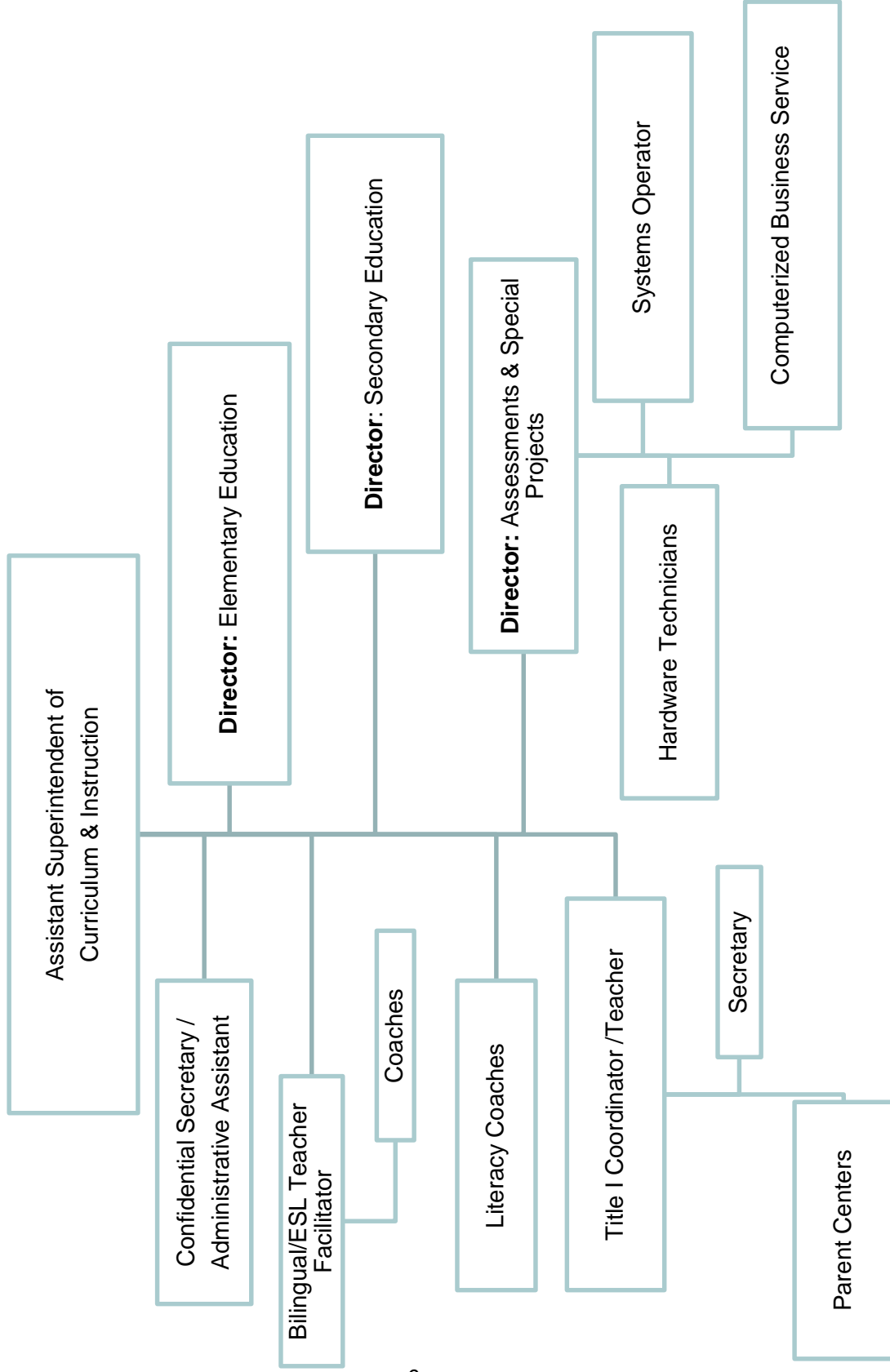
ATLANTIC CITY BOARD OF EDUCATION 2016 - 2017



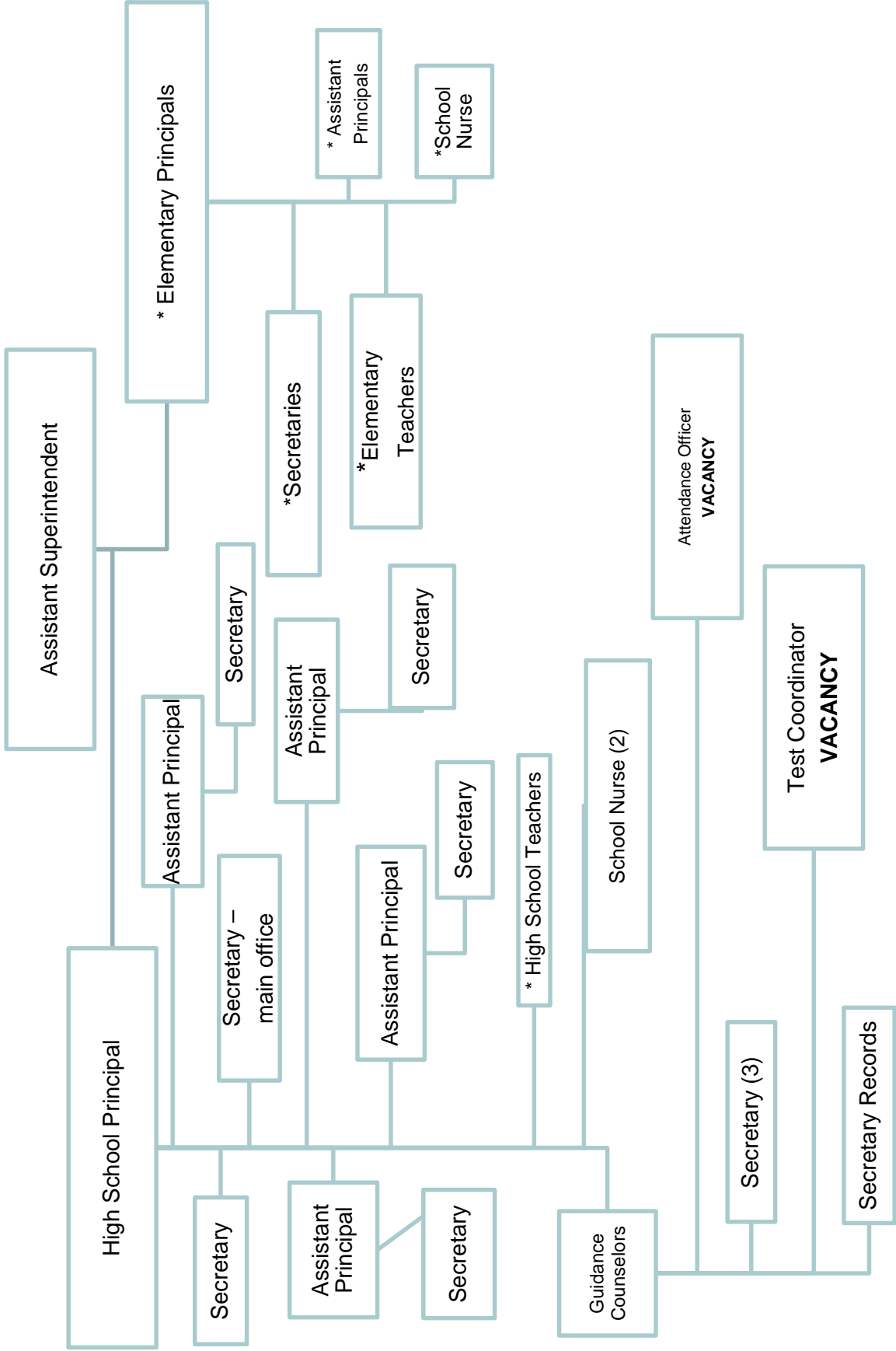
OPERATIONS 2016 - 2017



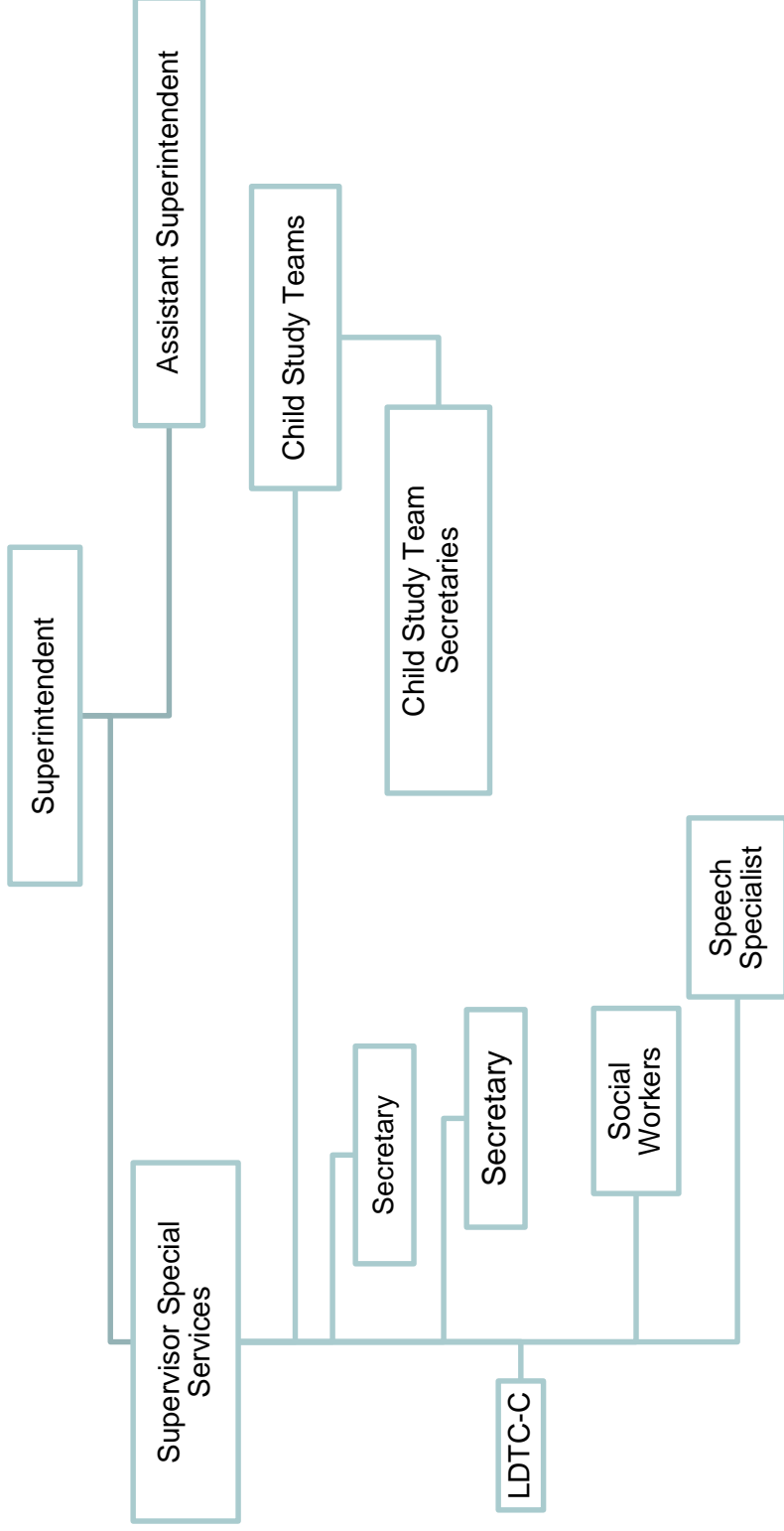
CURRICULUM & INSTRUCTION 2016 - 2017



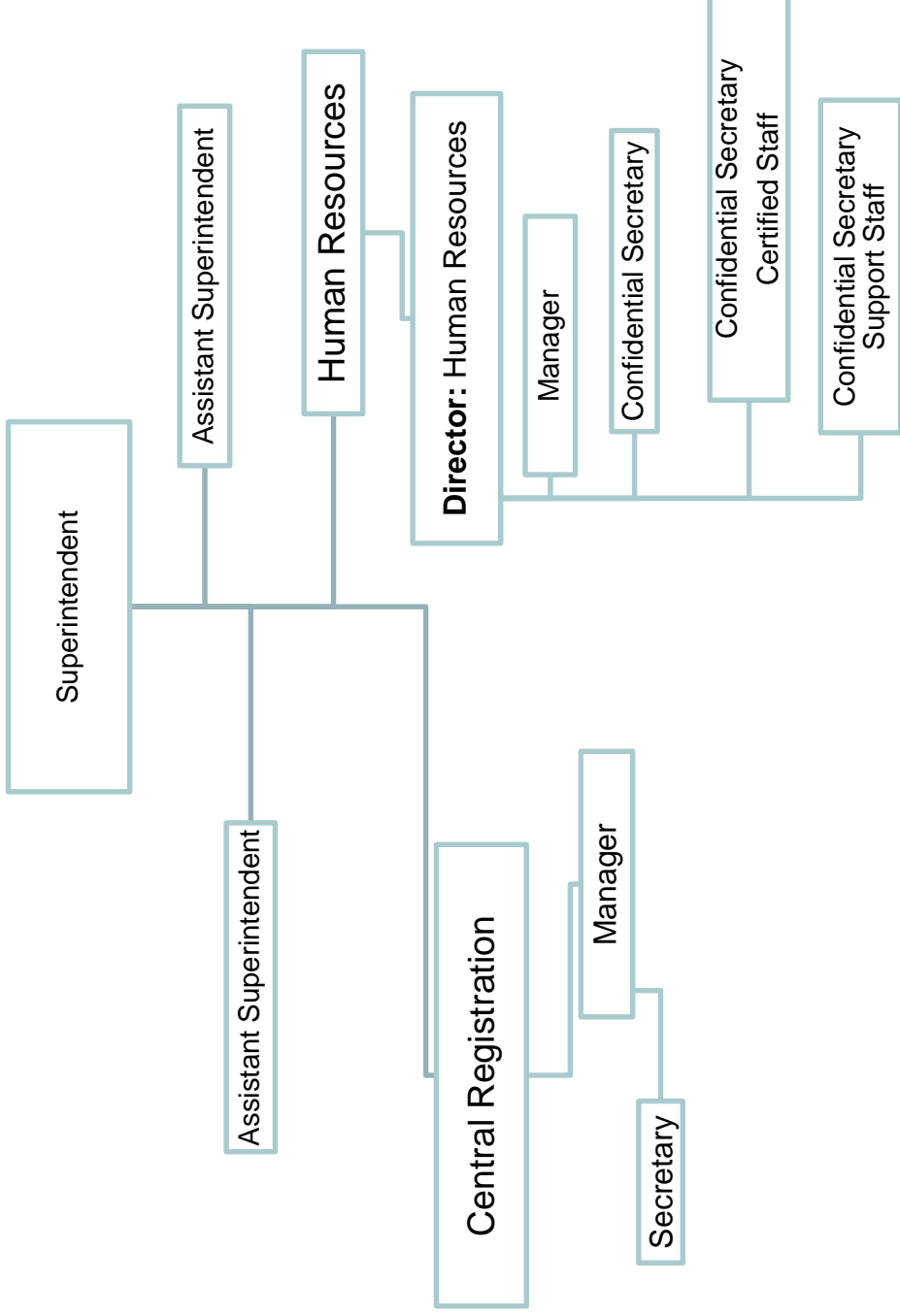
CURRICULUM & INSTRUCTION Continued



STUDENT & STAFF SERVICES 2016 - 2017

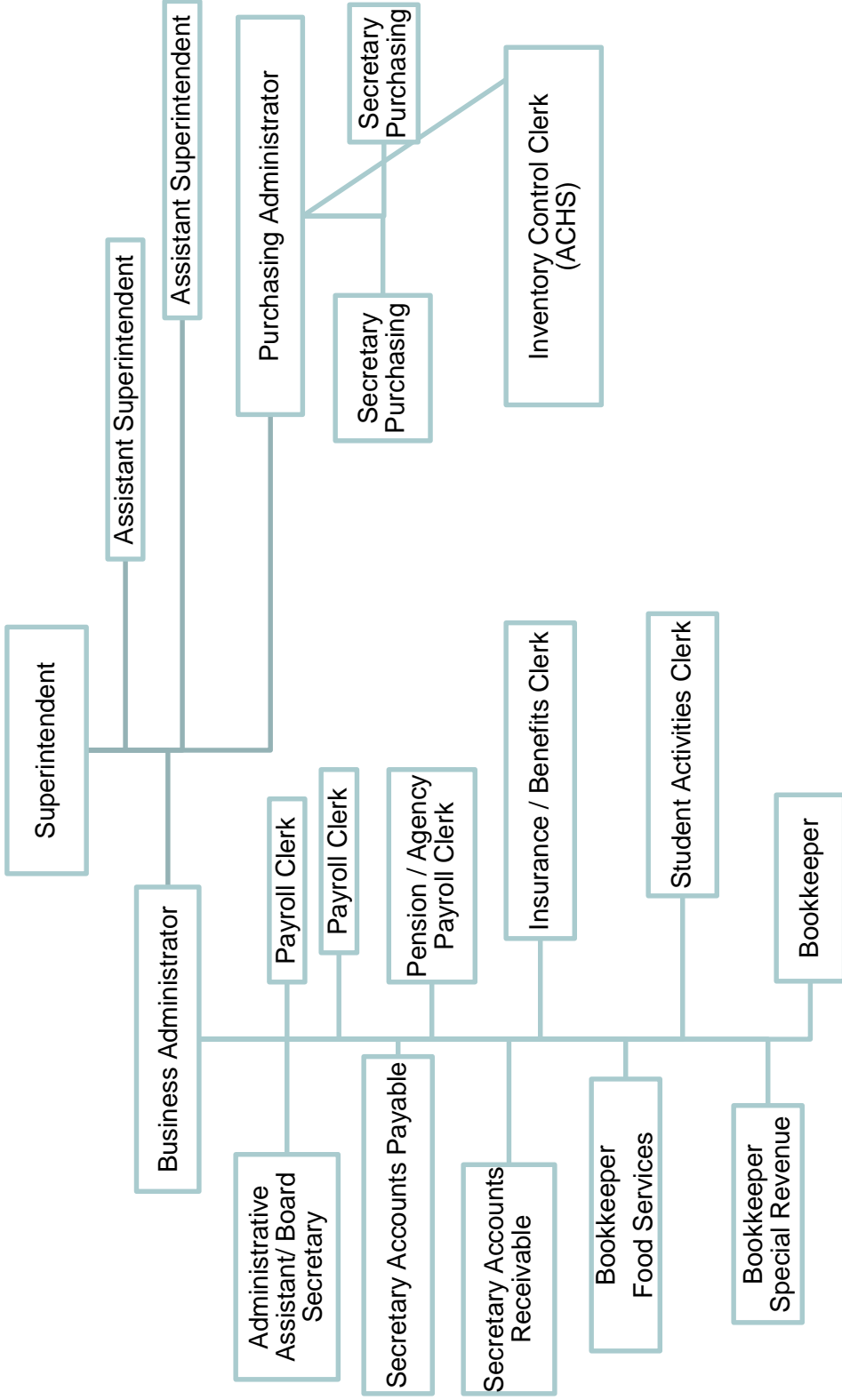


HUMAN RESOURCES & Central Registration 2016 - 2017



BUSINESS OFFICE

2016 - 2017



**CITY OF ATLANTIC CITY
BOARD OF EDUCATION**

COUNTY OF ATLANTIC , NEW JERSEY

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education

John Devlin, President
Michael Harvey, Vice-President - effective 9/13/16
Edward Cooper, Vice President - resigned from Board effective 8/22/16
Julius Anderson - effective 10/17/16
Shay Steele
Nynell Langford
Allen Thomas
Constance Days-Chapman - effective 8/8/16
Kirk Dooley - resigned from Board effective 5/23/16
Walter Johnson
Ruth Byard
Kim Bassford, Ventnor Representative

STATE APPOINTED MONITOR

Gary P. McCartney - Effective February 19, 2015 - February, 18, 2016
Carole Morris - Effective February 19, 2016 - present

INTERIM SUPERINTENDENT

Paul Spaventa

BUSINESS ADMINISTRATOR

Celeste Ricketts

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, 2016**

INDEPENDENT AUDITOR

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

ATTORNEY

William Donio - Cooper Levenson - 7/1/15-6/30/16
Tracy Riley - Law Offices of Riley & Riley - effective 7/1/16

BOND COUNSEL

McManimon & Scotland, LLC
Newark, NJ

OFFICIAL DEPOSITORY

Sun Bank

Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Atlantic City School District, in the County of Atlantic, New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016 on our consideration of the Atlantic City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Atlantic City School District's internal control over financial reporting and compliance.

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

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

October 21, 2016

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Required Supplementary Information – Part I

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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, 2016. 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.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position decreased \$13,408,734.21, which represents a 20 percent decrease from 2015. The decrease was mainly the result of no tax revenue being collected for Debt Service in the 15-16 School year.
- General revenues accounted for \$120,591,423.00 in revenue or 64 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$69,007,812.01 or 36 percent of total revenues of \$189,599,235.01.
- Total assets decreased by \$13,387,659.66 as Cash and cash equivalents decreased by \$7,119,614.75, receivables decreased by \$920,288.96, inventory increased by \$9,606.35 deferred debt issue costs decreased by \$34,067.23 and net capital assets decreased by \$70,448,630.60.
- The School District had \$203,007,969.22 in expenses; \$69,007,812.01 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$120,591,423.00 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$148,405,124.36 in revenues and \$149,315,973.30 in expenditures. The General Fund's fund balance decreased \$1,905,029.91 from 2015.

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 Position and Statement of Changes in Net Position 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.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Changes in Net Position

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 2016?" The Statement of Net Position and the Statement of Changes in Net Position 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.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

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 position and changes in those positions. This change in net position 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 Position and the Statement of Changes in Net Position, 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 Position and the Statement of Changes in Net Position) and governmental funds is reconciled in the financial statements.

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.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position 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 2016 and 2015.

**Table 1
Net Position**

| | 2016 | 2015 |
|--|------------------|------------------|
| Assets | | |
| Current and Other Assets | \$ 27,681,565.10 | \$ 35,711,862.46 |
| Capital Assets | 154,002,973.56 | 159,360,335.86 |
| Total Assets | 181,684,538.66 | 195,072,198.32 |
| Deferred Outflow of Resources | | |
| Loss of Refunding of Long Term Debt | 75,612.65 | 92,923.23 |
| Deferred Outflows Related to Pensions | 9,525,735.00 | 4,089,558.00 |
| | 9,601,347.65 | 4,182,481.23 |
| Liabilities | | |
| Long-Term Liabilities | 125,334,559.00 | 124,502,117.00 |
| Other Liabilities | 11,609,892.14 | 5,531,926.17 |
| Total Liabilities | 136,944,451.14 | 130,034,043.17 |
| Deferred Inflows of Resources | | |
| Deferred Inflows Related to Pensions | 776,116.00 | 2,246,583.00 |
| Net Position | | |
| Invested in Capital Assets, Net of Debt | 78,822,586.21 | 74,517,259.09 |
| Restricted | 4,781,702.60 | 9,354,507.62 |
| Unrestricted | (30,038,969.64) | (16,897,713.33) |
| Total Net Position | \$ 53,565,319.17 | \$ 66,974,053.38 |

The District's combined net position was \$53,565,319.17 on June 30, 2016. This was a decrease of \$13,408,734.21 from the prior year.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Table 2 shows changes in net assets for fiscal years 2016 and 2015.

**Table 2
Changes in Net Position**

| | <u>2016</u> | <u>2015</u> |
|---|---------------------------|------------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$ 11,597,755.41 | \$ 11,904,854.03 |
| Operating Grants and Contributions | 57,410,056.60 | 45,162,563.35 |
| General Revenues: | | |
| Property Taxes | 81,888,890.00 | 131,956,921.00 |
| Grants and Entitlements | 38,247,687.35 | 18,426,353.22 |
| Other | 454,845.65 | 388,055.31 |
| Total Revenues | <u>189,599,235.01</u> | <u>207,838,746.91</u> |
| Program Expenses | | |
| Instruction | 116,604,796.19 | 115,640,551.68 |
| Support Services: | | |
| Tuition | 12,674,162.07 | 12,285,017.11 |
| Related Services - Pupils and Instructional Staff | 26,003,064.82 | 28,907,628.61 |
| General Administration, School Administration | 9,781,881.06 | 9,155,256.54 |
| Central Services and Maintenance of Facilities | 23,534,779.15 | 23,662,177.25 |
| Pupil Transportation | 4,642,951.48 | 5,263,917.57 |
| Interest on Debt | 3,768,861.25 | 4,194,051.05 |
| Capital Outlay | - | - |
| Food Service | 5,997,473.20 | 6,259,345.84 |
| Reading Recovery | | 20,214.89 |
| Total Expenses | <u>203,007,969.22</u> | <u>205,388,160.54</u> |
| Adjustment to Fixed Assets | - | - |
| Increase in Net Position | <u>\$ (13,408,734.21)</u> | <u>\$ 2,450,586.37</u> |

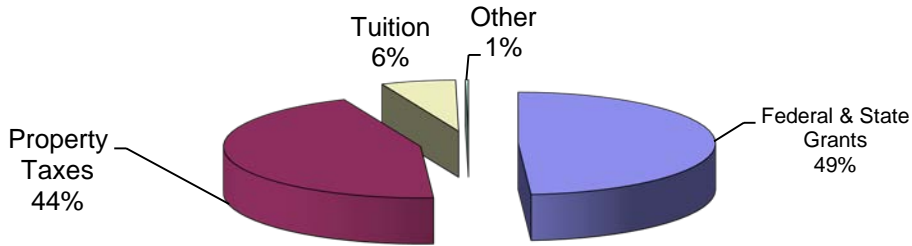
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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Governmental Activities

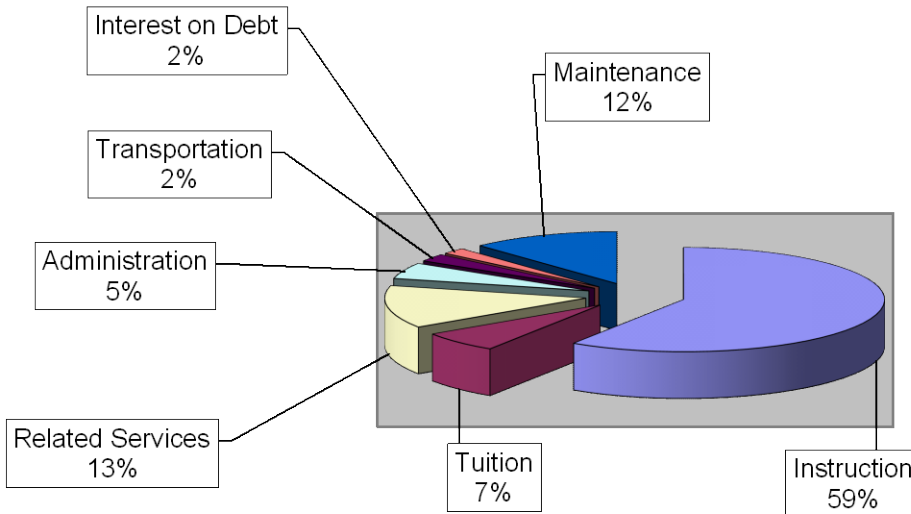
Property taxes made up 44 percent of revenues for governmental activities for the School District for fiscal year 2016. The District's total revenues were \$183,245,547.82 for the year ended June 30, 2016. Federal, state, and local grants accounted for another 49 percent of revenue.

Sources of Revenue for 2016



The total cost of all program and services was \$197,010,496.02. Instruction comprises 59 percent of District expenses.

Expenses for 2016



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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Business-Type Activities

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

- Revenues exceeded expenses by \$356,213.99.
- Charges for services represent \$414,910.91 of revenue. This represents amounts paid by patrons for daily food service fees.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$5,938,776.28.

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.

| | Table 3 | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--|
| | Total Cost of | Net Cost of | Total Cost of | Net Cost of | |
| | Services 2016 | Services 2016 | Services 2015 | Services 2015 | |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | |
| Instruction | \$ 116,604,796.19 | \$ 65,881,157.48 | \$ 115,640,551.68 | \$ 74,259,753.27 | |
| Support Services: | | | | | |
| Tuition | 12,674,162.07 | 12,674,162.07 | 12,285,017.11 | 12,285,017.11 | |
| Pupils and Instructional Staff | 26,003,064.82 | 15,025,938.71 | 28,907,628.61 | 20,392,409.41 | |
| General Administration, School Administration | 13,249,428.22 | 13,249,428.22 | 11,817,590.48 | 11,817,590.48 | |
| Business Operation and Maintenance of Facilities | 20,067,231.99 | 20,067,231.99 | 20,999,843.31 | 20,999,843.31 | |
| Pupil Transportation | 4,642,951.48 | 4,642,951.48 | 5,263,917.57 | 5,263,917.57 | |
| Capital Outlay | - | (146,259.00) | - | (64,577.00) | |
| Interest and Fiscal Charges | 3,768,861.25 | 2,961,760.25 | 4,194,051.05 | 3,317,048.05 | |
| Total Expenses | <u>\$ 197,010,496.02</u> | <u>\$ 134,356,371.20</u> | <u>\$ 199,108,599.81</u> | <u>\$ 148,271,002.20</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, 2016
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 \$161,411,307.82 and expenditures were \$174,939,118.47. The net decrease in fund balance for the year was \$14,527,810.65. 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, 2016, 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 2015</u> | <u>Percent of Increase (Decrease)</u> |
|-----------------|--------------------------|-----------------------------|--|---|
| Local Sources | \$ 93,536,723.46 | 57.95% | \$ (50,207,049.87) | -34.93% |
| State Sources | 58,521,600.13 | 36.26% | 22,417,348.66 | 62.09% |
| Federal Sources | 9,352,984.23 | 5.79% | 2,483,668.89 | 36.16% |
| Total | <u>\$ 161,411,307.82</u> | <u>100.00%</u> | <u>\$ (25,306,032.32)</u> | <u>-13.55%</u> |

Local revenues decreased by \$50,207,049.87. The net decrease in local revenue was predominately due to a decrease in Tax Levy collection.

State Sources increased by \$22,417,348.66 mostly due to the State's contribution of \$20 million for Transitional Aid.

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, 2016, 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 2014</u> | <u>Percent of Increase (Decrease)</u> |
|----------------------------|--------------------------|-----------------------------|--|---|
| Current expense: | | | | |
| Instruction | \$ 64,242,160.02 | 36.72% | \$ (7,388,064.02) | -10.31% |
| Undistributed expenditures | 96,791,518.35 | 55.33% | (7,889,780.89) | -7.54% |
| Capital Outlay | 488,482.10 | 0.28% | (503,896.23) | -50.78% |
| Debt Service | 13,416,958.00 | 7.67% | (1,897,101.10) | -12.39% |
| Total | <u>\$ 174,939,118.47</u> | <u>100.00%</u> | <u>\$ (17,678,842.24)</u> | <u>-9.18%</u> |

Instructional expenses decrease was predominately due to significant layoffs and budget cuts in programs related to the districts regular and other special education line items.

Undistributed expenses decreased predominately due to significant layoffs and budget cuts in programs related to the district's student instruction related services and plant operation and maintenance line items.

Capital outlay decreased as construction costs were lower than 2015 and budget cuts with regard to capital purchases.

Debt Service decreased due to principal and interest payments being less than 2015.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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 2016, the School District had \$154,002,973.56 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015 balances compared to 2016.

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

| | 2016 | 2015 |
|------------------------------------|-------------------|-------------------|
| Land | \$ 17,817,780.00 | \$ 17,817,780.00 |
| Construction in Progress | - | 75,805,992.90 |
| Building and Building Improvements | 134,369,231.32 | 62,670,769.42 |
| Machinery and Equipment | 1,815,962.24 | 3,035,591.54 |
| Total | \$ 154,002,973.56 | \$ 159,330,133.86 |

Overall capital assets decreased \$5,357,362.30 from fiscal year 2015 to fiscal year 2016. The decrease in capital assets is due to depreciation charges being more than new capital purchases. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2016, the School District had \$75,256,000.00 of outstanding debt.

**Table 5
Outstanding Bonded Debt at June 30,**

| | 2016 | 2015 |
|---|------------------|------------------|
| 1997 General Obligation Refunding Bonds | \$ - | \$ 3,750,000.00 |
| 2008 General Obligation Refunding Bonds | 2,480,000.00 | 5,440,000.00 |
| 2009 Build America Bonds | 44,061,000.00 | 45,446,000.00 |
| 2011 General Obligation Bonds | 25,360,000.00 | 26,340,000.00 |
| 2012 General Obligation Refunding Bonds | 3,355,000.00 | 3,960,000.00 |
| Total | \$ 75,256,000.00 | \$ 84,936,000.00 |

At June 30, 2016, the School District is within its legal debt capacity.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

For the Future

The City of Atlantic City School District is currently dealing with a significant decrease in ratebales due to the closing of several gaming properties over the last few years. However, the School District is proud of its community support of the public schools. Another 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 Celeste Ricketts, Business Administrator, at the City of Atlantic City School District, 1300 Atlantic Avenue, Atlantic City, NJ 08401.

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Basic Financial Statements

DISTRICT – WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of changes in net position 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.

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 15,267,064.89 | \$ 28,583.12 | \$ 15,295,648.01 |
| Receivables, Net | 10,840,812.83 | 1,462,827.66 | 12,303,640.49 |
| Inventory | | 82,276.60 | 82,276.60 |
| Capital Assets, not Depreciated | 17,817,780.00 | | 17,817,780.00 |
| Capital Assets, Net | 136,100,459.56 | 84,734.00 | 136,185,193.56 |
| Total Assets | 180,026,117.28 | 1,658,421.38 | 181,684,538.66 |
| Deferred Outflow of Resources | | | |
| Loss on Refunding of Long-Term Debt | 75,612.65 | | 75,612.65 |
| Deferred Outflows Related to Pensions | 9,525,735.00 | | 9,525,735.00 |
| Total Deferred Outflow of Resources | 9,601,347.65 | - | 9,601,347.65 |
| LIABILITIES | | | |
| Accounts Payable | 4,771,162.10 | 1,007,291.10 | 5,778,453.20 |
| Workers Compensation Claims Payable | 4,005,688.93 | | 4,005,688.93 |
| Deferred Revenue | 718,916.18 | | 718,916.18 |
| Due to the State | 33,026.80 | | 33,026.80 |
| Accrued Interest | 1,073,807.03 | | 1,073,807.03 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 5,560,000.00 | | 5,560,000.00 |
| Due Beyond One Year | 71,502,865.00 | | 71,502,865.00 |
| Net Pension Liability | 48,271,694.00 | | 48,271,694.00 |
| Total Liabilities | 135,937,160.04 | 1,007,291.10 | 136,944,451.14 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows Related to Pensions | 776,116.00 | | 776,116.00 |
| NET POSITION | | | |
| Invested in Capital Assets, Net of Related Debt | 78,737,852.21 | 84,734.00 | 78,822,586.21 |
| Restricted for: | | | |
| Capital Projects | 2,155,471.58 | | 2,155,471.58 |
| Other Purposes | 2,626,231.02 | | 2,626,231.02 |
| Unrestricted | (30,605,365.92) | 566,396.28 | (30,038,969.64) |
| Total Net Position | \$ 52,914,188.89 | \$ 651,130.28 | \$ 53,565,319.17 |

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

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Statement of Changes in Net Position
For the Year Ended June 30, 2016

| Function/Programs | Program Revenue | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|--------------------------|--------------------|-------------------------|------------------------------------|---|----------------------------|--------------------------|----------------------------|
| | Direct Expenses | Allocated Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular | \$ 37,849,604.04 | \$ 27,340,558.59 | \$ 11,182,844.50 | \$ 17,584,934.88 | \$ - | \$ (36,422,383.25) | \$ - | \$ (36,422,383.25) |
| Special Education | 21,034,487.37 | 15,194,204.78 | | 17,859,477.60 | | (18,369,214.55) | | (18,369,214.55) |
| Other Special Instruction | 8,817,003.15 | 6,368,938.26 | | 4,096,381.73 | | (11,089,559.68) | | (11,089,559.68) |
| Support Services: | | | | | | | | |
| Tuition | 12,674,162.07 | | | | | (12,674,162.07) | | (12,674,162.07) |
| Student & Instruction Related Services | 15,097,457.46 | 10,905,607.36 | | 10,977,126.11 | | (15,025,938.71) | | (15,025,938.71) |
| General Administrative Services | 1,798,436.59 | 756,414.74 | | | | (2,554,851.33) | | (2,554,851.33) |
| School Administrative Services | 5,087,323.28 | 2,139,706.45 | | | | (7,227,029.73) | | (7,227,029.73) |
| Plant Operation and Maintenance | 14,518,404.57 | 5,548,827.42 | | | | (20,067,231.99) | | (20,067,231.99) |
| Pupil Transportation | 4,642,951.48 | | | | | (4,642,951.48) | | (4,642,951.48) |
| Central and Info. Tech. Services | 2,440,910.59 | 1,026,636.57 | | | | (3,467,547.16) | | (3,467,547.16) |
| Unallocated Benefits | 69,280,894.17 | (69,280,894.17) | | | | - | | - |
| Capital Outlay | | | | 146,259.00 | | 146,259.00 | | 146,259.00 |
| Interest on Long-Term Debt | 3,768,861.25 | | | | 807,101.00 | (2,961,760.25) | | (2,961,760.25) |
| Total Governmental Activities | <u>197,010,496.02</u> | <u>-</u> | <u>11,182,844.50</u> | <u>50,864,179.32</u> | <u>807,101.00</u> | <u>(134,356,371.20)</u> | <u>-</u> | <u>(134,356,371.20)</u> |
| Business-Type Activities: | | | | | | | | |
| Food Service | 5,997,473.20 | | 414,910.91 | 5,938,776.28 | | | 356,213.99 | 356,213.99 |
| Reading Recovery | | | | | | | | |
| Total Business-Type Activities | <u>5,997,473.20</u> | <u>-</u> | <u>414,910.91</u> | <u>5,938,776.28</u> | <u>-</u> | <u>-</u> | <u>356,213.99</u> | <u>356,213.99</u> |
| Total Primary Government | \$ 203,007,969.22 | \$ - | \$ 11,597,755.41 | \$ 56,802,955.60 | \$ 807,101.00 | \$ (134,356,371.20) | \$ 356,213.99 | \$ (134,000,157.21) |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes, Levied for General Purposes, Net | | | | | | \$ 81,888,890.00 | \$ - | \$ 81,888,890.00 |
| Federal and State Aid not Restricted | | | | | | 38,247,687.35 | - | 38,247,687.35 |
| Miscellaneous Income | | | | | | 454,845.65 | - | 454,845.65 |
| Transfers | | | | | | (0.00) | - | (0.00) |
| Total General Revenues | | | | | | <u>120,591,423.00</u> | <u>-</u> | <u>120,591,423.00</u> |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | | | | | | <u>120,591,423.00</u> | <u>-</u> | <u>120,591,423.00</u> |
| Change in Net Position | | | | | | <u>(13,764,948.20)</u> | <u>356,213.99</u> | <u>(13,408,734.21)</u> |
| Net Assets - Beginning | | | | | | <u>66,679,137.09</u> | <u>294,916.29</u> | <u>66,974,053.38</u> |
| Net Assets - Ending | | | | | | <u>\$ 52,914,188.89</u> | <u>\$ 651,130.28</u> | <u>\$ 53,565,319.17</u> |

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.

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|-------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 12,957,584.82 | \$ 146,593.97 | \$ 2,162,886.10 | \$ - | \$ 15,267,064.89 |
| Receivables from Other Governments | 9,294,280.47 | 1,546,532.36 | | | 10,840,812.83 |
| Interfund Receivable | 36,625.13 | | | | 36,625.13 |
| Total Assets | <u>\$ 22,288,490.42</u> | <u>\$ 1,693,126.33</u> | <u>\$ 2,162,886.10</u> | <u>\$ -</u> | <u>\$ 26,144,502.85</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 3,859,189.36 | \$ 908,105.74 | \$ 3,867.00 | | 4,771,162.10 |
| Due to the State | | 33,026.80 | | | 33,026.80 |
| Interfund Payable | | 33,077.61 | 3,547.52 | | 36,625.13 |
| Workers Compensation Claims Payable | 4,005,688.93 | | | | 4,005,688.93 |
| Unearned Revenue | | 718,916.18 | | | 718,916.18 |
| Total Liabilities | <u>7,864,878.29</u> | <u>1,693,126.33</u> | <u>7,414.52</u> | <u>-</u> | <u>9,565,419.14</u> |
| Fund Balances: | | | | | |
| Restricted Fund Balance: | | | | | |
| Reserve for Excess Surplus | 2,626,231.02 | | | | 2,626,231.02 |
| Special Revenue | | - | | | - |
| Capital Projects | | | 2,155,471.58 | | 2,155,471.58 |
| Debt Service | | | | - | - |
| Maintenance Reserve | 2,000,000.00 | | | | 2,000,000.00 |
| Capital Reserve | 1,213,657.00 | | | | 1,213,657.00 |
| Tuition Reserve | 853,000.00 | | | | 853,000.00 |
| Emergency Reserve | 510,000.00 | | | | 510,000.00 |
| Committed Fund Balance: | | | | | - |
| Other Purposes | 281,384.38 | | | | 281,384.38 |
| Assigned Fund Balance: | | | | | - |
| Designated for Subsequent Year's Expenditures: | | | | | - |
| General | 5,575,809.00 | | | | 5,575,809.00 |
| Unassigned Fund Balance | <u>1,363,530.73</u> | | | | <u>1,363,530.73</u> |
| Total Fund Balances (Deficits) | <u>14,423,612.13</u> | <u>-</u> | <u>2,155,471.58</u> | <u>-</u> | <u>16,579,083.71</u> |
| Total Liabilities and Fund Balances | <u>\$ 22,288,490.42</u> | <u>\$ 1,693,126.33</u> | <u>\$ 2,162,886.10</u> | <u>\$ -</u> | |

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 \$225,505,228.56 and the accumulated depreciation is \$71,586,989.00.

153,918,239.56

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

(1,073,807.03)

Pension Liabilities Net of Deferred Outflows & Inflows

(39,522,075.00)

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.

(76,987,252.35)

Net assets of governmental activities

\$ 52,914,188.89

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|-------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 81,888,890.00 | \$ - | \$ - | \$ - | \$ 81,888,890.00 |
| Tuition Charges | 11,182,844.50 | | | | 11,182,844.50 |
| Interest Earned on Reserve Funds | - | | 3,129.79 | | 3,129.79 |
| Miscellaneous | 451,715.86 | 10,143.31 | | - | 461,859.17 |
| Total Local Sources | 93,523,450.36 | 10,143.31 | 3,129.79 | - | 93,536,723.46 |
| State Sources | 54,551,786.45 | 3,162,712.68 | | 807,101.00 | 58,521,600.13 |
| Federal Sources | 329,887.55 | 9,023,096.68 | | | 9,352,984.23 |
| Total Revenues | <u>148,405,124.36</u> | <u>12,195,952.67</u> | <u>3,129.79</u> | <u>807,101.00</u> | <u>161,411,307.82</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular Instruction | 35,915,819.90 | | | | 35,915,819.90 |
| Special Education Instruction | 11,872,958.97 | 8,086,849.84 | | | 19,959,808.81 |
| Other Special Instruction | 8,366,531.31 | | | | 8,366,531.31 |
| Support Services and Undistributed Costs: | | | | | |
| Tuition | 12,674,162.07 | | | | 12,674,162.07 |
| Student & Instruction Related Serv. | 10,363,265.44 | 3,962,843.83 | | | 14,326,109.27 |
| General Administrative Services | 1,706,552.19 | | | | 1,706,552.19 |
| School Administrative Services | 4,827,405.50 | | | | 4,827,405.50 |
| Plant Operation and Maintenance | 12,518,745.29 | | | | 12,518,745.29 |
| Pupil Transportation | 4,642,951.48 | | | | 4,642,951.48 |
| Central and Info. Tech. Services | 2,316,201.38 | | | | 2,316,201.38 |
| Unallocated Employee Benefits | 43,779,391.17 | | | | 43,779,391.17 |
| Debt Service: | | | | | |
| Principal | | | | 9,680,000.00 | 9,680,000.00 |
| Interest and Other Charges | | | | 3,736,958.00 | 3,736,958.00 |
| Capital Outlay | 331,988.60 | 146,259.00 | 10,234.50 | | 488,482.10 |
| Total Expenditures | <u>149,315,973.30</u> | <u>12,195,952.67</u> | <u>10,234.50</u> | <u>13,416,958.00</u> | <u>174,939,118.47</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(910,848.94)</u> | <u>-</u> | <u>(7,104.71)</u> | <u>(12,609,857.00)</u> | <u>(13,527,810.65)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer in | 5,819.03 | - | - | | 5,819.03 |
| Transfer out | - | | (3,129.79) | (2,689.24) | (5,819.03) |
| Workers Compensation Fund | (1,000,000.00) | | | | (1,000,000.00) |
| Total Other Financing Sources and Uses | <u>(994,180.97)</u> | <u>-</u> | <u>(3,129.79)</u> | <u>(2,689.24)</u> | <u>(1,000,000.00)</u> |
| Net Changes in Fund Balance | (1,905,029.91) | - | (10,234.50) | (12,612,546.24) | (14,527,810.65) |
| Fund Balance - July 1 | 16,328,642.04 | - | 2,165,706.08 | 12,612,546.24 | 31,106,894.36 |
| Fund Balance (Deficit) - June 30 | <u>\$ 14,423,612.13</u> | <u>\$ -</u> | <u>\$ 2,155,471.58</u> | <u>\$ -</u> | <u>\$ 16,579,083.71</u> |

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

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, 2016

| | | |
|---|-----------------------|----------------------------------|
| Total Net Change in Fund Balance - Governmental Funds (from B-2) | | \$ (14,527,810.65) |
| 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 | \$ (5,442,295.00) | |
| Capital Outlay | <u>162,858.70</u> | (5,279,436.30) |
| Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. | | |
| District pension contributions - PERS | 1,848,749.00 | |
| Cost of benefits earned net of employee contributions | <u>(5,516,012.00)</u> | (3,667,263.00) |
| 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 | | 9,680,000.00 |
| Governmental funds report the effect of gain or loss on the refunding of debt, 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 long-term debt related items. | | |
| Amortization of Deferred Amount on Refunding (Loss) | | (17,310.58) |
| 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. | | |
| | | 61,465.00 |
| 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. | | |
| | | (14,592.67) |
| Change in Net Assets of Governmental Activities | | <u><u>\$ (13,764,948.20)</u></u> |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Proprietary Funds
Statement of Net Assets
June 30, 2016

| | Business-Type Activities - Enterprise Fund | | |
|---|---|----------------------------------|-----------------|
| | Food Service | Non-Major Reading Recovery | Totals |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ - | \$ 28,583.12 | \$ 28,583.12 |
| Accounts Receivable | 1,462,827.66 | | 1,462,827.66 |
| Inventories | 82,276.60 | | 82,276.60 |
| Total Current Assets | 1,545,104.26 | 28,583.12 | 1,573,687.38 |
| Noncurrent Assets: | | | |
| Furniture, Machinery & Equipment | 1,156,416.00 | | 1,156,416.00 |
| Less: Accumulated Depreciation | (1,071,682.00) | | (1,071,682.00) |
| Total Noncurrent Assets | 84,734.00 | - | 84,734.00 |
| Total Assets | \$ 1,629,838.26 | \$ 28,583.12 | \$ 1,658,421.38 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | 1,007,291.10 | | 1,007,291.10 |
| Total Current Liabilities | 1,007,291.10 | - | 1,007,291.10 |
| NET ASSETS | | | |
| Invested in Capital Assets Net of Related Debt | 84,734.00 | - | 84,734.00 |
| Unrestricted | 537,813.16 | 28,583.12 | 566,396.28 |
| Total Net Assets | \$ 622,547.16 | \$ 28,583.12 | \$ 651,130.28 |

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, 2016

| | Business-Type Activities - Enterprise Fund | | |
|--|---|----------------------------------|-----------------------|
| | Food Service | Non-Major Reading Recovery | Totals Enterprise |
| Operating Revenues: | | | |
| Charges for Services: | | | |
| Daily Sales - Reimbursable | \$ 183,200.75 | | \$ 183,200.75 |
| Daily Sales - Non Reimbursable | 231,710.16 | | 231,710.16 |
| Program Fees | | | - |
| Total Operating Revenue | <u>414,910.91</u> | <u>-</u> | <u>414,910.91</u> |
| Operating Expenses: | | | |
| Cost of Sales | 2,375,961.11 | | 2,375,961.11 |
| Salaries | 1,692,313.98 | | 1,692,313.98 |
| Employee Benefits | 893,945.33 | | 893,945.33 |
| Management Fee | 516,134.74 | | 516,134.74 |
| Professional Development Services | - | | - |
| Travel | - | | - |
| Insurance & Other Non Controllable Costs | 219,657.36 | | 219,657.36 |
| Direct Costs | 216,037.68 | | 216,037.68 |
| Miscellaneous | 5,497.00 | | 5,497.00 |
| Depreciation | 77,926.00 | | 77,926.00 |
| Total Operating Expenses | <u>5,997,473.20</u> | <u>-</u> | <u>5,997,473.20</u> |
| Operating Income (Loss) | <u>(5,582,562.29)</u> | <u>-</u> | <u>(5,582,562.29)</u> |
| Nonoperating Revenues (Expenses): | | | |
| State Sources: | | | |
| State School Lunch Program | 54,232.93 | | 54,232.93 |
| Federal Sources: | | | |
| Child and Adult Care Food Program | 357,825.20 | | 357,825.20 |
| National School Lunch Program | 3,031,353.26 | | 3,031,353.26 |
| School Breakfast Program | 2,009,402.27 | | 2,009,402.27 |
| Fruit and Vegetable Program | 170,636.86 | | 170,636.86 |
| Food Distribution Program | 315,325.76 | | 315,325.76 |
| Total Nonoperating Revenues (Expenses) | <u>5,938,776.28</u> | <u>-</u> | <u>5,938,776.28</u> |
| Income (Loss) before Contributions & Transfers | 356,213.99 | - | 356,213.99 |
| Fixed Asset Adjustment | - | | - |
| Transfers In (Out) | - | | - |
| Changes in Net Assets | 356,213.99 | - | 356,213.99 |
| Total Net Assets - Beginning (Deficit) | <u>266,333.17</u> | <u>28,583.12</u> | <u>294,916.29</u> |
| Total Net Assets - Ending | <u>\$ 622,547.16</u> | <u>\$ 28,583.12</u> | <u>\$ 651,130.28</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, 2016

| | Business-Type Activities - Enterprise Fund | | |
|---|---|----------------------------------|--------------------------|
| | Food Service | Non-Major Reading Recovery | Totals Enterprise |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers | \$ 405,034.78 | \$ - | \$ 405,034.78 |
| Payment for Salaries | (1,692,313.98) | | (1,692,313.98) |
| Payments for Benefits | (893,945.33) | | (893,945.33) |
| Payments for Suppliers | (2,335,603.14) | - | (2,335,603.14) |
| Net Cash Provided by (Used for) Operating Activities | <u>(4,516,827.67)</u> | <u>-</u> | <u>(4,516,827.67)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Federal and State Sources | 5,508,492.52 | | 5,508,492.52 |
| Operating Subsidies and Transfers to Other Funds | (991,664.85) | | (991,664.85) |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>4,516,827.67</u> | <u>-</u> | <u>4,516,827.67</u> |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| NONE | | | |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| NONE | - | - | - |
| Net Cash Provided by (Used for) Investing Activities | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | - | - | - |
| Balance - Beginning of Year | - | 28,583.12 | 28,583.12 |
| Balance - End of Year | <u>\$ -</u> | <u>\$ 28,583.12</u> | <u>\$ 28,583.12</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating Income (Loss) | \$ (5,582,562.29) | \$ - | \$ (5,582,562.29) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Depreciation and Net Amortization | 77,926.00 | | 77,926.00 |
| (Increase) Decrease in Inventories | (9,606.35) | | (9,606.35) |
| Increase (Decrease) in Accounts Payable | 1,007,291.10 | - | 1,007,291.10 |
| (Increase) Decrease in Accounts Receivable | (9,876.13) | | (9,876.13) |
| Total Adjustments | <u>1,065,734.62</u> | <u>-</u> | <u>1,065,734.62</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (4,516,827.67)</u> | <u>\$ -</u> | <u>\$ (4,516,827.67)</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, 2016

| | <u>Expendable Trusts</u> | <u>Agency Fund</u> |
|---|------------------------------|------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 1,176,024.33 | \$ 2,359,700.13 |
| Total Assets | <u>\$ 1,176,024.33</u> | <u>\$ 2,359,700.13</u> |
| LIABILITIES | | |
| Payable to Student Groups | \$ - | \$ 231,991.80 |
| Accounts Payable | 44,509.84 | |
| Payroll Deductions and Withholdings | | <u>2,127,708.33</u> |
| Total Liabilities | <u>44,509.84</u> | <u>\$ 2,359,700.13</u> |
| NET ASSETS | | |
| Held in Trust for Unemployment Claims and Other Purposes | 1,081,192.55 | |
| Reserved for Scholarships | <u>50,321.94</u> | |
| Total Net Assets | <u>\$ 1,131,514.49</u> | |

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, 2016

| | Trusts |
|------------------------------------|-----------------|
| ADDITIONS | |
| Contributions: | |
| Donations | \$ 7,500.00 |
| Employee Withholdings | 184,731.58 |
| Board of Education Contributions | 2,000,000.00 |
| Total Contributions | 2,192,231.58 |
| | |
| Investment Earnings: | |
| Interest | 331.50 |
| Net Investment Earnings | 331.50 |
| Total Additions | 2,192,563.08 |
| | |
| DEDUCTIONS | |
| Scholarships Awarded | 20,230.20 |
| Unemployment Claims | 1,409,692.15 |
| Total Deductions | 1,429,922.35 |
| Changes in Net Assets | 762,640.73 |
| Net Assets - Beginning of the Year | 368,873.76 |
| Net Assets - End of the Year | \$ 1,131,514.49 |

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, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 financial statements of the 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 School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. Effective with the 2012 fiscal year, the election of Board Members was moved to the general election in November resulting in the members whose term would have expired in April of 2012 being carried over to December 31, 2012. The purpose of the district is to educate students in grades K-12. The District had an enrollment at June 30, 2016 of 7,155 students.

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

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

Based on the aforementioned criteria, the District has no component units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

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

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service and reading recovery). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

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

The following fund types are used by the District:

1. Governmental Funds:

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. 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.
- d. **Debt service** funds are 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.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Fund Balances – Governmental Funds

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

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

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

2. Proprietary Funds:

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

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district.
- b. The District's Enterprise Funds are comprised of the Food Service Fund and the Reading Recovery Fund.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

3. Fiduciary Funds:

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

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

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.

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.

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

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

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

D. 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 position.

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.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

E. 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).

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

Significant transfers approved by the Board of Education during the fiscal year were as follows:

| | |
|--|-----------------|
| Regular Programs - Instruction | \$ 2,191,419.25 |
| Resource Room/Resource Center | 59,793.00 |
| Basic Skills/Remedial Instruction | (399,374.00) |
| Supplemental - At Risks Programs - Instruction | (819,650.00) |
| Undistributed Expend. - Health Services | 269,142.00 |
| Undistributed Expenditures - Guidance | (213,674.50) |
| Undistributed Expenditures - Child Study Team | (210,619.00) |
| Undistributed Expenditures - Instructional Staff Training | (1,170,111.40) |
| Undistributed Expenditures - Support Services - General Admin | (272,185.00) |
| Undistributed Expenditures - Support Services - School Admin | 544,580.15 |
| Undistributed Expenditures - Support Services - Central Services | 206,000.00 |
| Undistributed Expenditures - Student Transportation Services | (124,852.80) |

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

F. 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 unearned 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.

G. 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.

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.

Investments

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.

Unearned 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.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Net Position

Net position represent the difference between assets and liabilities. Net positions 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.

Net positions 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.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Revenues – Exchange and Non-exchange 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.

Non-exchange 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 non-exchange 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.

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 and state aid for reading recovery. 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.

Pensions

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.

Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on an agreement with the sending districts with a negotiated amount up to the final cost as determined by State of New Jersey.

Tuition Payable

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

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.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

H. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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

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

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

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

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

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

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

NOTE 2 – 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.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The district’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2016, \$7,244,133.43 of the government’s bank balance of \$25,978,621.65 was exposed to custodial credit risk.

At June 30, 2016, the carrying amount of the District’s deposits (cash and cash equivalents) was \$16,981,435.49 and the bank balance was \$25,978,621.65.

As of June 30, 2016, the District’s bank balance was exposed to custodial credit risk as follows:

| | Cash and Cash Equivalents |
|---------------|------------------------------|
| FDIC Insured | \$ 250,000.00 |
| GUDPA Insured | 18,484,488.22 |
| Uninsured | 7,244,133.43 |
| | \$ 25,978,621.65 |

NOTE 4 - INVESTMENTS

As of June 30, 2016, the District had no investments. However, if the District had investments they would be subject to the following risks.

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

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

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

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5 – RECEIVABLES

Receivables at June 30, 2016, consisted of other receivables (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 | \$ 1,668,360.03 | \$ | 3,131,187.69 |
| Tuition and Transportation | 681,710.10 | | 681,710.10 |
| Tax Levy | 8,490,742.70 | | 8,490,742.70 |
| Other | | | |
| Gross Receivables | <u>10,840,812.83</u> | | <u>12,303,640.49</u> |
| Less: Allowance for Uncollectibles | | | |
| Total Receivables, Net | <u>\$ 10,840,812.83</u> | \$ | <u>12,303,640.49</u> |

NOTE 6 – INVENTORY

Inventory in the Food Service Enterprise Fund at June 30, 2016, consisted of the following:

| | |
|----------|---------------------|
| Food | \$ 66,063.22 |
| Supplies | <u>16,213.38</u> |
| | <u>\$ 82,276.60</u> |

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2016 is \$32,510.30.

NOTE 7 – DEFERRED LOSS ON REFUNDING ISSUES

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 (3 years) for the 2011 Refunding Bonds and (9 years) for the 2012 Refunding Bonds. Amortization expense for the year ended June 30, 2016 was \$17,310.58. The balance of deferred losses at June 30, 2016 for all issues is \$75,612.65.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Adjustment</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------------|---------------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 17,817,780.00 | \$ - | \$ - | \$ 17,817,780.00 |
| Construction in Progress | 75,805,992.90 | - | (75,805,992.90) | - |
| Total capital assets not being depreciated | <u>93,623,772.90</u> | <u>-</u> | <u>(75,805,992.90)</u> | <u>17,817,780.00</u> |
| Capital assets being depreciated: | | | | |
| Buildings and building improvements | 116,467,218.00 | 75,805,992.90 | - | 192,273,210.90 |
| Equipment | 15,249,378.96 | 192,058.70 | (27,200.00) | 15,414,237.66 |
| Total capital assets being depreciated at historical cost | <u>131,716,596.96</u> | <u>75,998,051.60</u> | <u>(27,200.00)</u> | <u>207,687,448.56</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (53,796,448.58) | (4,107,531.00) | - | (57,903,979.58) |
| Equipment | <u>(12,346,245.42)</u> | <u>(1,336,764.00)</u> | <u>-</u> | <u>(13,683,009.42)</u> |
| Subtotal accumulated depreciation | (66,142,694.00) | (5,444,295.00) | - | (71,586,989.00) |
| Total capital assets being depreciated, net of accumulated depreciation | <u>65,573,902.96</u> | <u>70,553,756.60</u> | <u>(27,200.00)</u> | <u>136,100,459.56</u> |
| Governmental activity capital assets, net | <u>\$ 159,197,675.86</u> | <u>\$ 70,553,756.60</u> | <u>\$ (75,833,192.90)</u> | <u>\$ 153,918,239.56</u> |
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Equipment | \$ 1,156,416.00 | \$ - | \$ - | \$ 1,156,416.00 |
| Less accumulated depreciation | (993,756.00) | (77,926.00) | - | (1,071,682.00) |
| Enterprise Fund capital assets, net | <u>\$ 162,660.00</u> | <u>\$ (77,926.00)</u> | <u>\$ -</u> | <u>\$ 84,734.00</u> |

Depreciation is charged to governmental functions as follows:

| | |
|--|------------------------|
| Regular Instruction | \$ 1,955,873.68 |
| Special Education | 1,086,954.57 |
| Other Special Instruction | 455,617.56 |
| Student & Instructional Related Services | 780,159.27 |
| General Administrative Services | 92,933.99 |
| School Administrative Services | 262,886.81 |
| Plant Operation & Maintenance | 681,735.36 |
| Central Services | 126,133.76 |
| | <u>\$ 5,442,295.00</u> |

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 9 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2016 are as follows:

| | Balance June 30, 2015 | Issues or Additions | Payments or Expenditures | Balance June 30, 2016 | Amounts Due Within One Year |
|-----------------------|--------------------------|-------------------------|-----------------------------|--------------------------|-----------------------------------|
| Compensated Absences | \$ 1,868,330.00 | \$ 423,235.00 | \$ 484,700.00 | \$ 1,806,865.00 | \$ |
| Net Pension Liability | 37,697,787.00 | 15,041,747.00 | 4,467,840.00 | 48,271,694.00 | |
| Bonds Payable | 84,936,000.00 | - | 9,680,000.00 | 75,256,000.00 | 5,560,000.00 |
| | <u>\$ 124,502,117.00</u> | <u>\$ 15,464,982.00</u> | <u>\$ 14,632,540.00</u> | <u>\$ 125,334,559.00</u> | <u>\$ 5,560,000.00</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, 2016, bonds payable consisted of the following issues:

\$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, 2016 is \$2,480,000.00.

\$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, 2016 is \$44,061,000.00.

\$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, 2016 is \$25,360,000.00.

\$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, 2016 is \$3,355,000.00.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 \$144,855.00. 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.

Debt service requirements on serial bonds and certificates of participation payable at June 30, 2015 are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|-------------------------|-------------------------|--------------------------|
| 2017 | 5,560,000.00 | 4,288,427.50 | 9,848,427.50 |
| 2018 | 3,185,000.00 | 4,101,765.00 | 7,286,765.00 |
| 2019 | 3,325,000.00 | 3,969,717.50 | 7,294,717.50 |
| 2020 | 3,460,000.00 | 3,828,210.00 | 7,288,210.00 |
| 2021 | 3,595,000.00 | 3,669,740.00 | 7,264,740.00 |
| 2022-2026 | 16,350,000.00 | 15,562,677.50 | 31,912,677.50 |
| 2027-2031 | 20,385,000.00 | 10,016,576.25 | 30,401,576.25 |
| 2032-2035 | 19,396,000.00 | 2,860,172.50 | 22,256,172.50 |
| | <u>\$ 75,256,000.00</u> | <u>\$ 48,297,286.25</u> | <u>\$ 123,553,286.25</u> |

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Operating Lease

The District has commitments to lease various copier leases. Total costs for such leases during the year ended June 30, 2016 were \$347,557.32. The future minimum lease payments for this lease are as follows:

| Fiscal Year Ending June 30, | Copier Payments |
|--------------------------------|--------------------|
| 2016 | 347,557.32 |
| 2017 | 236,114.63 |
| 2018 | 25,103.06 |
| Total Minimum lease payments : | 608,775.01 |

NOTE 10 – 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 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm

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.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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. The School District has 35 employees enrolled in the Defined contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2016.

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.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 6.78% 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, 2016, 2015 and 2014 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, 2016, 2015, and 2014 were \$1,848,749.00, \$1,657,882.01, and \$1,459,042.00 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2016, 2015, and 2014, the State of New Jersey contributed \$12,015,461.00, \$9,195,078.00, and \$7,161,923.00, 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 \$4,618,525.65, \$5,170,482.32, and \$5,130,422.49 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.

Significant Legislation

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

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

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PERS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 11: PUBLIC EMPLOYEES' RETIREMENT SYSTEM

At June 30, 2016, the District reported a liability of \$48,271,694.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was 0.21503787480%, which was an increase of 6.80% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$21,834,240.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expended and actual experience | \$ 1,151,593.00 | |
| Changes of assumptions | 5,183,994.00 | |
| Net difference between projected and actual earnings on pension plan investments | | 776,116.00 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 3,190,148.00 | - |
| District contributions subsequent to the measurement date | 1,848,749.00 | |
| Total | \$ 11,374,484.00 | \$ 776,116.00 |

\$1,848,749.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Year ended June 30, | |
|-------|------------------------|--------------|
| 2017 | \$ | 1,635,597.00 |
| 2018 | | 1,635,597.00 |
| 2019 | | 1,635,597.00 |
| 2020 | | 2,455,206.00 |
| 2021 | | 1,387,622.00 |
| Total | \$ | 8,749,619.00 |

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Actuarial Assumptions

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

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

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

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

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

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate

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

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

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

| | 1% Decrease (3.90%) | Current Discount Rate (4.90%) | 1% Increase (5.90%) |
|---|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ 58,237,678.12 | 48,271,694.00 | 39,930,153.93 |

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Pension plan fiduciary net position.

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

NOTE 12 - TEACHERS' PENSION AND ANNUITY FUND (TPAF)

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

| | | |
|--|----|----------------|
| District's proportionate share of the net pension liability | \$ | - |
| State's proportionate share of the net position liability associated with the District | | 415,447,236.00 |
| Total | \$ | 415,447,236.00 |

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$21,834,240.00 and revenue of \$21,834,240.00 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expensed and actual experience | \$ 2,111,439.00 | 125,150.00 |
| Changes of assumptions | 47,327,242.00 | |
| Net difference between projected and actual earnings on pension plan investments | | 3,518,963.00 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | \$ 30,205,362 | - |
| District contributions subsequent to the measurement date | 3,532,554.00 | |
| Total | \$ 83,176,597.00 | \$ 3,644,113.00 |

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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\$3,532,554.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30, | |
|------------------------|-------------------------|
| 2017 | \$ 5,379,636.00 |
| 2018 | 5,379,636.00 |
| 2019 | 5,379,636.00 |
| 2020 | 8,240,961.00 |
| 2021 | 6,974,708.00 |
| Thereafter | 14,439,991.00 |
| Total | <u>\$ 45,794,568.00</u> |

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

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

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

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

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

Pension plan fiduciary net position.

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

NOTE 13 – 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 Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 14 – 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 15 – 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:

- Equitable
- Lincoln Investment Planning, Inc.
- Putman Investor
- Siracusa Benefits
- Vanguard
- Valic
- Voya 403(b) Plan
- Wachovia Securities

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 16 – 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 District is self insured for workers compensation. The District has commercial coverage for surety bonds and employee health insurance.

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

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>Worker Compensation</u> | <u>Worker Compensation</u> | <u>Worker Compensation</u> |
| Beginning of Year: | | | |
| Unencumbered Reserve | \$ 3,005,601.97 | \$ 3,005,601.97 | \$ 2,863,803.54 |
| Encumbrances/Payables | | | |
| Other | 96.96 | - | 154,576.73 |
| Funded by Budget Appropriation | 1,000,000.00 | - | 1,826,000.00 |
| | <u>4,005,698.93</u> | <u>3,005,601.97</u> | <u>4,844,380.27</u> |
| Paid | 10.00 | - | 1,838,778.30 |
| End of Year | <u>\$ 4,005,688.93</u> | <u>\$ 3,005,601.97</u> | <u>\$ 3,005,601.97</u> |
| Analysis of Balance | | | |
| Unencumbered Reserve | \$ 4,005,688.93 | \$ 3,005,601.97 | \$ 3,005,601.97 |
| Encumbrances/Payables | | | |
| | <u>\$ 4,005,688.93</u> | <u>\$ 3,005,601.97</u> | <u>\$ 3,005,601.97</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:

| Fiscal Year | District Contributions | Employee Contributions | Amount Reimbursed | Ending Balance |
|----------------|---------------------------|---------------------------|----------------------|-------------------|
| 2015-2016 | 2,000,000.00 | 184,731.58 | (1,409,692.15) | 1,081,192.55 |
| 2014-2015 | \$ - | \$ 175,715.24 | \$ (180,581.79) | \$ 306,153.12 |
| 2013-2014 | \$ 255.88 | \$ 256,387.15 | \$ (215,356.25) | \$ 311,019.67 |

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 17 – INTERFUNDS

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.

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

| Fund | Interfund Receivable | Interfund Payable |
|-----------------------|-------------------------|----------------------|
| General Fund | \$ 36,625.13 | \$ - |
| Special Revenue Fund | - | 33,077.61 |
| Capital Projects Fund | - | 3,547.52 |
| | \$ 36,625.13 | \$ 36,625.13 |

The General Fund receivable is comprised of two inter-funds due from the Special Revenue and Capital Projects Fund's. The inter-fund receivable was primarily a result of prior year audit adjustments where money needs to be transferred from Fund 20 to Fund 10. The inter-fund between Fund 10 and Fund 30 is interest earned due back to Fund 10.

NOTE 18 – 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. Through Board Resolution, the District transferred \$1,213,657.00 to capital reserve. Therefore, the total balance at June 30, 2016 was \$1,213,657.00.

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, 2015 | | \$ | - |
| Deposit | | | |
| Interest | \$ | | |
| Board Resolution | 1,213,657.00 | | 1,213,657.00 |
| Balance June 30, 2016 | | \$ | 1,213,657.00 |

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 19 – EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the City of Atlantic City School District for the accumulation of funds for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

| | | |
|---------------------------------|----|-------------------|
| Beginning balance, July 1, 2015 | \$ | 510,000.00 |
| | | |
| Ending balance, June 30, 2016 | \$ | <u>510,000.00</u> |

NOTE 20 – MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the City of Atlantic City School District for the accumulation of funds for use as required maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the Maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

| | | |
|---------------------------------|----|---------------------|
| Beginning balance, July 1, 2015 | \$ | 1,500,500.00 |
| Deposits: | | |
| Board Resolution | | 2,000,000.00 |
| | | |
| Withdrawals: | | |
| Transfer to Capital Reserve | | 1,500,500.00 |
| | | |
| Ending balance, June 30, 2016 | \$ | <u>2,000,000.00</u> |

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 21 – TUITION RESERVE ACCOUNT

A Tuition Reserve account was established by the City of Atlantic City School District which allows the District through Board Resolution for up to 10 percent of the estimated tuition cost in the contract year for an anticipated tuition adjustment in the second year following the contract year in accordance with N.J.A.C. 6A:23A-14.4(a)(3). The code also requires that the district transfer to the general fund, by board resolution, any interest earned on the investments in a tuition reserve account on no less than an annual basis.

| | |
|---------------------------------|----------------------|
| Beginning balance, July 1, 2015 | \$ - |
| Increase: | |
| Board Resolution | 853,000.00 |
| | <hr/> |
| Ending balance, June 30, 2016 | \$ <u>853,000.00</u> |

NOTE 22 – DEFICIT UNRESTRICTED NET POSITION

The School District had a deficit in unrestricted net position of \$30,605,365.92 as of June 30, 2016. This deficit was attributable to the Net Pension Liability, the liability for compensated absences as well as the June State Aid Payment as noted above.

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**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 23 – 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 to be spent first when expenditures are made.

Specific classifications of fund balance are summarized below;

Restricted Fund Balance

Reserve for Excess Surplus Designated – There was excess fund balance from the previous year in the amount of \$2,626,231.02 at June 30, 2016. This amount has been appropriated as revenue in support of the 2016-17 School Budget.

Capital Projects - \$2,155,471.58 is restricted for expenditures related to the Projects authorized by the 2009 Referendum.

Maintenance Reserve - There is also \$2,000,000 balance in the Maintenance Reserve account at June 30, 2016. 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 - There is \$1,213,657.00 balance in the Capital Reserve account at June 30, 2016.

Tuition Reserve - There is \$853,000.00 balance in the Tuition Reserve account at June 30, 2016.

Emergency Reserve - There is \$510,000.00 balance in the Emergency Reserve account at June 30, 2016.

Committed Fund Balance - The District's Committed Fund balance for other purposes of \$281,384.38 consists of encumbrances in the amount of \$6,384.38 and \$275,000.00 reserved to pay future death benefits for employees.

Assigned Fund Balance – At June 30, 2016, the District has assigned \$5,575,809.00 of general fund balances to expenditures in the 2015-16 budget.

Unassigned Fund Balance – At June 30, 2016, the District has \$1,363,530.73 of unassigned fund balance in the general fund.

NOTE 24 – 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, 2016 is \$2,626,231.02.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 25 – ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation to fund the District operations and debt service. Property taxes funded 44% of the Districts 2015-2016 governmental operations. Properties in one industry, the gaming industry, are responsible for almost 65% of the tax revenue to the District.

NOTE 26 – LITIGATION

The District is a defendant in several 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 27 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 through October 21, 2016, the date that the financial statements were available to be 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

Budgetary Comparison Schedules

CITY OF ATLANTIC CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|--|-----------------------|------------------------|-----------------------|-----------------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 101,888,890.00 | \$(20,000,000.00) | \$ 81,888,890.00 | \$ 81,888,890.00 | \$ - |
| Tuition - Sending Districts | 11,054,753.00 | (161,909.00) | 10,892,844.00 | 10,924,928.00 | 32,084.00 |
| Tuition - Other | | 161,909.00 | 161,909.00 | 257,916.50 | 96,007.50 |
| Miscellaneous Revenues | 400,000.00 | | 400,000.00 | 451,715.86 | 51,715.86 |
| Total Local Sources | 113,343,643.00 | (20,000,000.00) | 93,343,643.00 | 93,523,450.36 | 179,807.36 |
| State Sources: | | | | | |
| Categorical Transportation Aid | 1,236,828.00 | | 1,236,828.00 | 1,236,828.00 | - |
| Categorical Special Education Aid | 3,607,799.00 | | 3,607,799.00 | 3,607,799.00 | - |
| Equalization Aid | 2,333,506.00 | | 2,333,506.00 | 2,333,506.00 | - |
| Categorical Security Aid | 2,474,835.00 | | 2,474,835.00 | 2,474,835.00 | - |
| Adjustment Aid | 7,791,462.00 | | 7,791,462.00 | 7,791,462.00 | - |
| School Choice Aid | 257,941.00 | | 257,941.00 | 257,941.00 | - |
| Extraordinary Aid | | | - | 89,546.00 | 89,546.00 |
| Additional Non Public Transportation Aid | | | - | 6,612.00 | 6,612.00 |
| PARCC Readiness Aid | 67,870.00 | | 67,870.00 | 67,870.00 | - |
| Per Pupil Growth Aid | 67,870.00 | | 67,870.00 | 67,870.00 | - |
| Transitional Aid | | 20,000,000.00 | 20,000,000.00 | 20,000,000.00 | - |
| TPAF Pension (On-Behalf - Non-Budgeted) | | | | 12,015,461.00 | 12,015,461.00 |
| TPAF Social Security (Reimbursed- Non-Budgeted) | | | | 4,618,525.65 | 4,618,525.65 |
| Total State Sources | 17,838,111.00 | 20,000,000.00 | 37,838,111.00 | 54,568,255.65 | 16,730,144.65 |
| Federal Sources: | | | | | |
| Impact Aid | 41,750.00 | | 41,750.00 | 28,346.36 | (13,403.64) |
| SEMI | 205,679.00 | | 205,679.00 | 301,541.19 | 95,862.19 |
| Total Federal Sources | 247,429.00 | - | 247,429.00 | 329,887.55 | 82,458.55 |
| Total Revenues | 131,429,183.00 | - | 131,429,183.00 | 148,421,593.56 | 16,992,410.56 |
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| REGULAR PROGRAMS - INSTRUCTION | | | | | |
| Preschool / Kindergarten - Salaries of Teachers | | | | | |
| Teachers | 2,254,591.00 | (77,910.00) | 2,176,681.00 | 2,125,449.79 | 51,231.21 |
| Grades 1 - 5 Salaries of Teachers | 11,626,498.00 | 571,783.00 | 12,198,281.00 | 11,892,448.67 | 305,832.33 |
| Grades 6 - 8 Salaries of Teachers | 6,857,737.00 | 760,030.00 | 7,617,767.00 | 7,383,508.14 | 234,258.86 |
| Grades 9 - 12 Salaries of Teachers | 9,322,378.00 | 961,776.81 | 10,284,154.81 | 10,277,427.34 | 6,727.47 |
| Regular Programs - Home Instruction | | | | | |
| Salaries of Teachers | 294,314.00 | 184,488.88 | 478,802.88 | 478,802.88 | - |
| Other Salaries for Instruction | | | - | - | - |
| Purchased Professional - Education Services | 80,000.00 | | 80,000.00 | 25,420.72 | 54,579.28 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 1,807,717.00 | (92,955.03) | 1,714,761.97 | 1,651,707.50 | 63,054.47 |
| Purchased Professional - Education Services | 101,190.00 | (21,975.20) | 79,214.80 | 24,883.50 | 54,331.30 |
| Purchased Technical Services | 1,054,175.00 | (202,020.75) | 852,154.25 | 582,468.25 | 269,686.00 |
| Other Purchased Services (400-500 series) | 757,564.00 | 183,998.00 | 941,562.00 | 590,578.90 | 350,983.10 |
| General Supplies | 2,193,505.00 | (48,528.51) | 2,144,976.49 | 841,051.74 | 1,303,924.75 |
| Textbooks | 253,050.00 | (28,359.80) | 224,690.20 | 35,332.47 | 189,357.73 |
| Other Objects | 22,000.00 | 1,091.85 | 23,091.85 | 6,740.00 | 16,351.85 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | 36,624,719.00 | 2,191,419.25 | 38,816,138.25 | 35,915,819.90 | 2,900,318.35 |
| Cognitive Mild | | | | | |
| Salaries of Teachers | 152,677.00 | | 152,677.00 | 151,419.74 | 1,257.26 |
| Other Salaries for Instruction | 96,145.00 | 299.00 | 96,444.00 | 96,199.18 | 244.82 |
| General Supplies | 2,000.00 | | 2,000.00 | 1,200.40 | 799.60 |
| Total Cognitive Mild | 250,822.00 | 299.00 | 251,121.00 | 248,819.32 | 2,301.68 |
| Cognitive Moderate | | | | | |
| Salaries of Teachers | 265,045.00 | | 265,045.00 | 265,045.00 | - |
| Other Salaries for Instruction | 114,734.00 | (72,005.00) | 42,729.00 | 34,392.30 | 8,336.70 |
| Other Purchased Services (400-500 series) | 1,000.00 | | 1,000.00 | - | 1,000.00 |
| General Supplies | 2,000.00 | 5,000.00 | 7,000.00 | 4,108.14 | 2,891.86 |
| Other Objects | 5,200.00 | 6,000.00 | 11,200.00 | 4,192.50 | 7,007.50 |
| Total Cognitive Moderate | 387,979.00 | (61,005.00) | 326,974.00 | 307,737.94 | 19,236.06 |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|----------------------|---------------------|----------------------|----------------------|---|
| Learning & Language Disabilities | | | | | |
| Salaries of Teachers | 535,278.00 | 1,548.00 | 536,826.00 | 536,826.00 | - |
| Other Salaries for Instruction | 218,917.00 | (68,873.00) | 150,044.00 | 150,044.00 | - |
| General Supplies | 3,000.00 | | 3,000.00 | 2,427.78 | 572.22 |
| Total Learning & Language Disabilities | 757,195.00 | (67,325.00) | 689,870.00 | 689,297.78 | 572.22 |
| Auditory Impairments | | | | | |
| Salaries of Teachers | 207,284.00 | 163,058.00 | 370,342.00 | 360,108.07 | 10,233.93 |
| Other Salaries for Instruction | 210,075.00 | (160,057.00) | 50,018.00 | 50,017.86 | 0.14 |
| Purchased Technical Services | 12,000.00 | (3,000.00) | 9,000.00 | | 9,000.00 |
| General Supplies | 12,000.00 | | 12,000.00 | 1,685.27 | 10,314.73 |
| Total Auditory Impairments | 441,359.00 | 1.00 | 441,360.00 | 411,811.20 | 29,548.80 |
| Behavioral Disabilities | | | | | |
| Salaries of Teachers | 259,688.00 | | 259,688.00 | 259,688.00 | - |
| Other Salaries for Instruction | 85,267.00 | (21,015.00) | 64,252.00 | 64,252.00 | - |
| General Supplies | 2,000.00 | | 2,000.00 | 749.95 | 1,250.05 |
| Total Behavioral Disabilities | 346,955.00 | (21,015.00) | 325,940.00 | 324,689.95 | 1,250.05 |
| Autism | | | | | |
| Salaries of Teachers | 173,477.00 | (4,558.00) | 168,919.00 | 120,417.44 | 48,501.56 |
| Other Salaries for Instruction | 167,500.00 | | 167,500.00 | 164,940.07 | 2,559.93 |
| Purchased Technical Services | 20,000.00 | | 20,000.00 | | 20,000.00 |
| General Supplies | 32,000.00 | | 32,000.00 | 1,908.25 | 30,091.75 |
| Total Autism | 392,977.00 | (4,558.00) | 388,419.00 | 287,265.76 | 101,153.24 |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 291,956.00 | 1,478.00 | 293,434.00 | 293,434.00 | - |
| Other Salaries for Instruction | 156,808.00 | (43,639.00) | 113,169.00 | 113,168.55 | 0.45 |
| General Supplies | 2,000.00 | | 2,000.00 | 908.04 | 1,091.96 |
| Total Multiple Disabilities | 450,764.00 | (42,161.00) | 408,603.00 | 407,510.59 | 1,092.41 |
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | 8,219,656.00 | (278,200.00) | 7,941,456.00 | 7,881,863.51 | 59,592.49 |
| Other Salaries for Instruction | 285,045.00 | 337,993.00 | 623,038.00 | 622,925.99 | 112.01 |
| General Supplies | 13,600.00 | | 13,600.00 | 13,463.31 | 136.69 |
| Total Resource Room/Resource Center | 8,518,301.00 | 59,793.00 | 8,578,094.00 | 8,518,252.81 | 59,841.19 |
| Preschool Disabilities -Full-Time | | | | | |
| Salaries of Teachers | 619,645.00 | (18,280.00) | 601,365.00 | 376,761.13 | 224,603.87 |
| Other Salaries for Instruction | 292,291.00 | 17,014.00 | 309,305.00 | 295,144.78 | 14,160.22 |
| Purchased Technical Services | 500.00 | | 500.00 | | 500.00 |
| Other Purchased Services (400-500 series) | 2,124.00 | 4,220.00 | 6,344.00 | 5,664.60 | 679.40 |
| General Supplies | 5,000.00 | (4,220.00) | 780.00 | 3.11 | 776.89 |
| Other Objects | 500.00 | | 500.00 | | 500.00 |
| Total Preschool Disabilities - Full-Time | 920,060.00 | (1,266.00) | 918,794.00 | 677,573.62 | 241,220.38 |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 12,466,412.00 | (137,237.00) | 12,329,175.00 | 11,872,958.97 | 456,216.03 |
| Basic Skills / Remedial Instruction | | | | | |
| Salaries of Teachers | 4,437,156.00 | (399,374.00) | 4,037,782.00 | 3,313,372.18 | 724,409.82 |
| Total Basic Skills / Remedial Instruction | 4,437,156.00 | (399,374.00) | 4,037,782.00 | 3,313,372.18 | 724,409.82 |
| Bilingual Education - Instruction | | | | | |
| Salaries of Teachers | 4,186,154.00 | | 4,186,154.00 | 2,869,694.67 | 1,316,459.33 |
| Other Salaries for Instruction | 253,919.00 | 3,433.00 | 257,352.00 | 190,257.71 | 67,094.29 |
| Supplies and Materials | 85,000.00 | | 85,000.00 | 4,130.01 | 80,869.99 |
| Textbooks | 5,000.00 | | 5,000.00 | 1,138.13 | 3,861.87 |
| Total Bilingual Education - Instruction | 4,530,073.00 | 3,433.00 | 4,533,506.00 | 3,065,220.52 | 1,468,285.48 |
| School-Sponsored Co/Extra-Curr. Activities - Instruction | | | | | |
| Salaries | 386,806.00 | | 386,806.00 | 152,412.28 | 234,393.72 |
| Purchased Services (300-500 series) | 17,500.00 | | 17,500.00 | 6,011.87 | 11,488.13 |
| General Supplies | 20,800.00 | | 20,800.00 | | 20,800.00 |
| Purchased Professional / Technical Services | | | - | | - |
| Other Objects | 35,821.00 | | 35,821.00 | 12,723.00 | 23,098.00 |
| Total School-Spon. Cocurricular Activities - Inst. | 460,927.00 | - | 460,927.00 | 171,147.15 | 289,779.85 |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|----------------------|---------------------|----------------------|----------------------|---|
| School-Spon. Cocurricular Athletics - Instruction | | | | | |
| Salaries | 328,984.00 | | 328,984.00 | 307,983.60 | 21,000.40 |
| Purchased Services (300-500 series) | | 15,400.00 | 15,400.00 | 15,399.00 | 1.00 |
| Other Purchased Services (400-500 series) | 117,250.00 | (15,200.00) | 102,050.00 | 16,834.40 | 85,215.60 |
| Supplies and Materials | 151,164.20 | (7,000.00) | 144,164.20 | 49,312.28 | 94,851.92 |
| Other Objects | 10,000.00 | | 10,000.00 | 2,163.95 | 7,836.05 |
| Total School-Spon. Cocurricular Athletics - Inst. | <u>607,398.20</u> | <u>(6,800.00)</u> | <u>600,598.20</u> | <u>391,693.23</u> | <u>208,904.97</u> |
| Summer School Instruction | | | | | |
| Salaries of Teachers | | 6,880.50 | 6,880.50 | 6,877.48 | 3.02 |
| Total Summer School | <u>-</u> | <u>6,880.50</u> | <u>6,880.50</u> | <u>6,877.48</u> | <u>3.02</u> |
| Other Supplemental - At Risk Programs - Instruction | | | | | |
| Salaries of Teacher Tutors | 2,076,398.00 | (819,650.00) | 1,256,748.00 | 1,241,524.34 | 15,223.66 |
| Total Other Supplemental - At Risk Programs - Instruction | <u>2,076,398.00</u> | <u>(819,650.00)</u> | <u>1,256,748.00</u> | <u>1,241,524.34</u> | <u>15,223.66</u> |
| Community Services Program | | | | | |
| Salaries | 148,971.00 | | 148,971.00 | 14,349.80 | 134,621.20 |
| Purchased Services (300-500 series) | 20,362.00 | 200.00 | 20,562.00 | 12,919.77 | 7,642.23 |
| Supplies & Materials | 14,638.00 | (200.00) | 14,438.00 | 216.52 | 14,221.48 |
| Purchased Professional / Technical Services | 5,000.00 | | 5,000.00 | | 5,000.00 |
| Total Community Services Program | <u>188,971.00</u> | <u>-</u> | <u>188,971.00</u> | <u>27,486.09</u> | <u>161,484.91</u> |
| Other Instruction - ROTC | | | | | |
| Salaries | 214,352.00 | | 214,352.00 | 149,210.32 | 65,141.68 |
| Total Other Instruction - ROTC | <u>214,352.00</u> | <u>-</u> | <u>214,352.00</u> | <u>149,210.32</u> | <u>65,141.68</u> |
| TOTAL INSTRUCTION | <u>61,606,406.20</u> | <u>838,671.75</u> | <u>62,445,077.95</u> | <u>56,155,310.18</u> | <u>6,289,767.77</u> |
| UNDISTRIBUTED EXPENDITURES | | | | | |
| Undistributed Expenditures - Instruction | | | | | |
| Tuition to Other LEAs Within the State - Regular | 812,000.00 | 387,414.03 | 1,199,414.03 | 1,152,175.60 | 47,238.43 |
| Tuition to Other LEAs Within the State - Special | 119,500.00 | 5,601.00 | 125,101.00 | 125,100.00 | 1.00 |
| Tuition to County Voc. School Dist. - Regular | 1,592,478.00 | | 1,592,478.00 | 1,592,478.00 | - |
| Tuition to CSSD & Regional Day Schools | 3,726,744.00 | (359,315.83) | 3,367,428.17 | 3,324,024.74 | 43,403.43 |
| Tuition to Private Schools for the Disabled W/ State | 1,343,412.00 | (77,460.00) | 1,265,952.00 | 1,256,595.45 | 9,356.55 |
| Tuition to Priv Sch Disabled & Oth LEAS-Spl, O/S | | 81,725.00 | 81,725.00 | 81,724.48 | 0.52 |
| Tuition - State Facilities | 932,181.00 | (17,699.00) | 914,482.00 | 914,482.00 | - |
| Tuition - Other | 84,805.00 | (18,103.00) | 66,702.00 | 66,343.00 | 359.00 |
| Total Undistributed Expenditures - Instruction | <u>8,611,120.00</u> | <u>2,162.20</u> | <u>8,613,282.20</u> | <u>8,512,923.27</u> | <u>100,358.93</u> |
| Undistributed Expend. - Attend. & Social Worker | | | | | |
| Salaries | 41,221.00 | (6,977.00) | 34,244.00 | 34,244.00 | - |
| Purchased Professional / Technical Services | 5,000.00 | - | 5,000.00 | 882.00 | 4,118.00 |
| Supplies & Materials | 5,000.00 | | 5,000.00 | | 5,000.00 |
| Total Undist. Expend. - Attend. & Social Worker | <u>51,221.00</u> | <u>(6,977.00)</u> | <u>44,244.00</u> | <u>35,126.00</u> | <u>9,118.00</u> |
| Undistributed Expend. - Health Services | | | | | |
| Salaries | 890,615.00 | 13,421.00 | 904,036.00 | 894,417.82 | 9,618.18 |
| Purchased Professional and Technical Services | 77,500.00 | 66,309.91 | 143,809.91 | 112,994.09 | 30,815.82 |
| Other Purchased Services (400-500 series) | 1,707.00 | 500.00 | 2,207.00 | 1,611.32 | 595.68 |
| Supplies & Materials | 32,800.00 | 4,290.09 | 37,090.09 | 32,141.57 | 4,948.52 |
| Other Objects | 800.00 | | 800.00 | 503.77 | 296.23 |
| Total Undistributed Expend. - Health Services | <u>1,003,422.00</u> | <u>84,521.00</u> | <u>1,087,943.00</u> | <u>1,041,668.57</u> | <u>46,274.43</u> |
| Undist. Expend. - Other Support Serv. Students - Related Services | | | | | |
| Salaries - Speech Language Specialists | 463,583.00 | 124,111.00 | 587,694.00 | 584,767.17 | 2,926.83 |
| Salaries - Other Summer Evaluations | | | - | | - |
| Purchased Professional and Technical Services | 12,000.00 | 145,031.00 | 157,031.00 | 154,717.64 | 2,313.36 |
| Supplies & Materials | 5,000.00 | | 5,000.00 | 4,848.20 | 151.80 |
| Other Objects | 1,000.00 | | 1,000.00 | 975.00 | 25.00 |
| Total Undist. Expend. - Other Support Services Student - Related Services | <u>481,583.00</u> | <u>269,142.00</u> | <u>750,725.00</u> | <u>745,308.01</u> | <u>5,416.99</u> |

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|---|---------------------|-----------------------|---------------------|---------------------|---|
| Undist. Expend. - Guidance | | | | | |
| Regular | | | | | |
| Salaries of Other Professional Staff | 2,508,772.00 | (206,794.00) | 2,301,978.00 | 2,268,624.60 | 33,353.40 |
| Salaries of Secretarial and Clerical Assistance | 107,720.00 | | 107,720.00 | 106,111.38 | 1,608.62 |
| Other Salaries | 64,000.00 | (6,880.50) | 57,119.50 | 21,696.51 | 35,422.99 |
| Purchased Professional - Education Services | 13,000.00 | | 13,000.00 | 12,000.00 | 1,000.00 |
| Other Purchased Prof. and Tech. Services | 20,000.00 | | 20,000.00 | 12,303.50 | 7,696.50 |
| Other Purchased Services (400-500 series) | 9,615.00 | 1,054.00 | 10,669.00 | 9,780.29 | 888.71 |
| Travel | 500.00 | | 500.00 | | 500.00 |
| Supplies and Materials | 65,800.00 | (1,054.00) | 64,746.00 | 27,003.50 | 37,742.50 |
| Other Objects | 400.00 | | 400.00 | | 400.00 |
| Total Undist. Expend. - Guidance | 2,789,807.00 | (213,674.50) | 2,576,132.50 | 2,457,519.78 | 118,612.72 |
| Undist. Expend. - Child Study Team | | | | | |
| Special | | | | | |
| Salaries of Other Professional Staff | 1,838,619.00 | (236,169.00) | 1,602,450.00 | 1,595,789.56 | 6,660.44 |
| Salaries of Secretarial and Clerical Assistants | 283,056.00 | 31,950.00 | 315,006.00 | 315,006.00 | - |
| Other Salaries | | | - | | - |
| Purchased Professional - Education Services | 350,000.00 | (24,939.50) | 325,060.50 | 228,914.00 | 96,146.50 |
| Other Purchased Prof. and Tech. Services | 4,000.00 | | 4,000.00 | | 4,000.00 |
| Other Purchased Services (400-500 series) | 7,457.00 | 22,012.50 | 29,469.50 | 29,276.22 | 193.28 |
| Travel | 1,600.00 | | 1,600.00 | | 1,600.00 |
| Supplies & Materials | 25,000.00 | (3,473.00) | 21,527.00 | 7,171.88 | 14,355.12 |
| Other Objects | 500.00 | | 500.00 | 373.82 | 126.18 |
| Total Undist. Expend. - Child Study Team | 2,510,232.00 | (210,619.00) | 2,299,613.00 | 2,176,531.48 | 123,081.52 |
| Undist. Expend. - Improvement of Instructional Services | | | | | |
| Salaries of Supervisor of Instruction | 654,688.00 | (495,226.00) | 159,462.00 | 159,461.54 | 0.46 |
| Salaries of Other Professional Staff | 283,653.00 | 3,965.34 | 287,618.34 | 287,618.34 | - |
| Salaries of Secretarial and Clerical Assistants | 59,713.00 | (45,139.00) | 14,574.00 | 14,573.07 | 0.93 |
| Other Salaries | 35,980.00 | | 35,980.00 | 35,979.58 | 0.42 |
| Salaries of Facilitators, Math & Literacy Coaches | 2,124,861.00 | (601,916.00) | 1,522,945.00 | 1,522,940.52 | 4.48 |
| Purchased Professional - Education Services | 488,000.00 | (21,311.00) | 466,689.00 | 462,041.00 | 4,648.00 |
| Other Purchased Prof. and Tech. Services | | 375.00 | 375.00 | | - |
| Other Purchased Services (400-500 series) | 32,658.00 | (19,064.00) | 13,594.00 | 13,062.58 | 531.42 |
| Supplies & Materials | 93,400.00 | (17,002.49) | 76,397.51 | 15,505.97 | 60,891.54 |
| Other Objects | | 25,206.75 | 25,206.75 | | - |
| Total Undist. Expend. - Instructional Staff Training | 3,772,953.00 | (1,170,111.40) | 2,602,841.60 | 2,536,764.35 | 66,077.25 |
| Undist. Expend. - Edu. Media Serv./Sch. Library | | | | | |
| Salaries | 770,329.00 | (49,467.00) | 720,862.00 | 687,415.53 | 33,446.47 |
| Other Salaries | | | - | | - |
| Salaries of Technology Coordinators | 685,365.00 | 1,086.00 | 686,451.00 | 605,676.00 | 80,775.00 |
| Other Purchased Prof. and Tech. Services | 1,395.00 | 8,184.00 | 9,579.00 | 8,184.00 | 1,395.00 |
| Other Purchased Services (400-500 series) | 20,259.00 | 15,061.95 | 35,320.95 | 33,273.66 | 2,047.29 |
| Travel | 300.00 | | 300.00 | | 300.00 |
| Supplies & Materials | 102,768.00 | (29,439.15) | 73,328.85 | 35,798.06 | 37,530.79 |
| Total Undistributed Expenditures - Educational Media Services - School Library | 1,580,416.00 | (54,574.20) | 1,525,841.80 | 1,370,347.25 | 155,494.55 |
| Undist. Expend. - Supp. Serv. - General Admin. | | | | | |
| Salaries | 802,357.00 | (157,064.00) | 645,293.00 | 621,235.09 | 24,057.91 |
| State Monitor | | 26,064.00 | 26,064.00 | 26,064.00 | - |
| Legal Services | 650,000.00 | | 650,000.00 | 461,739.48 | 188,260.52 |
| Audit Fees | 75,000.00 | | 75,000.00 | 69,000.00 | 6,000.00 |
| Architect Fees | 60,000.00 | | 60,000.00 | 19,630.00 | 40,370.00 |
| Purchased Professional Services | 5,000.00 | | 5,000.00 | 292.50 | 4,707.50 |
| Purchased Technical Services | 5,000.00 | (4,040.00) | 960.00 | | 960.00 |
| Other Purchased Services (400-500 series) | 30,974.00 | 10,040.00 | 41,014.00 | 35,808.74 | 5,205.26 |
| Communications/Telephone | 268,000.00 | (52,400.00) | 215,600.00 | 95,502.13 | 120,097.87 |
| Travel | 3,500.00 | | 3,500.00 | | 3,500.00 |
| BOE Other Purchased Services | 3,000.00 | | 3,000.00 | 1,300.00 | 1,700.00 |
| Miscellaneous Purchased Services | 321,226.00 | | 321,226.00 | 320,792.06 | 433.94 |
| General Supplies | 20,000.00 | (11,585.00) | 8,415.00 | 5,570.57 | 2,844.43 |
| BOE In House Training / Meeting Supplies | 4,000.00 | | 4,000.00 | | 4,000.00 |
| Judgments Against the District | 228,500.00 | (77,400.00) | 151,100.00 | | 151,100.00 |
| Miscellaneous Expenditures | 35,730.00 | (800.00) | 34,930.00 | 22,654.92 | 12,275.08 |
| BOE Membership Dues and Fees | 34,165.00 | (5,000.00) | 29,165.00 | 26,962.70 | 2,202.30 |
| Total Undistributed Expenditures - Support Services - General Administration | 2,546,452.00 | (272,185.00) | 2,274,267.00 | 1,706,552.19 | 567,714.81 |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|--|---------------------|---------------------|---------------------|---------------------|---|
| Undist. Expend. - Supp. Serv. - School Admin. | | | | | |
| Salaries of Principals/Assistance Principals | 3,116,836.00 | 388,493.00 | 3,505,329.00 | 3,410,746.40 | 94,582.60 |
| Salaries of Secretarial and Clerical Assistants | 1,174,671.00 | 143,862.00 | 1,318,533.00 | 1,296,710.63 | 21,822.37 |
| Other Purchased Prof. and Tech. Services | 5,000.00 | | 5,000.00 | | 5,000.00 |
| Copy Rental | 78,737.00 | | 78,737.00 | 60,914.10 | 17,822.90 |
| Other Purchased Services (400-500 series) | 6,400.00 | 27,792.05 | 34,192.05 | 15,205.56 | 18,986.49 |
| Travel | | | - | | - |
| Supplies & Materials | 101,753.00 | (7,869.25) | 93,883.75 | 37,215.95 | 56,667.80 |
| Other Objects | 30,990.00 | (7,697.65) | 23,292.35 | 6,612.86 | 16,679.49 |
| Total Undistributed Expenditures - Support Services - School Administration | 4,514,387.00 | 544,580.15 | 5,058,967.15 | 4,827,405.50 | 231,561.65 |
| Undist. Expend. - Central Services | | | | | |
| Salaries - Business Administrator | 231,400.00 | 62,516.00 | 293,916.00 | 293,916.00 | - |
| Salaries - Secretary and Clerical Asst. | 750,418.00 | 1,483.00 | 751,901.00 | 745,874.07 | 6,026.93 |
| Salaries - Purchasing Administrator | 71,050.00 | 1,421.00 | 72,471.00 | 72,471.00 | - |
| Purchased Prof. and Tech. Services | 149,325.00 | 135,979.00 | 285,304.00 | 269,722.00 | 15,582.00 |
| Purchased Professional Services | | | - | | - |
| Miscellaneous Purchased Services (400-500 series) | 75,318.00 | (18,760.00) | 56,558.00 | 23,035.18 | 33,522.82 |
| Travel | 5,000.00 | (3,000.00) | 2,000.00 | 484.00 | 1,516.00 |
| Supplies and Materials | 32,800.00 | (12,639.00) | 20,161.00 | 10,091.05 | 10,069.95 |
| Interest on Current Loans | | 100,663.68 | 100,663.68 | 100,663.68 | - |
| Miscellaneous Expenditures | 122,900.00 | (61,663.68) | 61,236.32 | 58,618.76 | 2,617.56 |
| Other Objects | 2,000.00 | | 2,000.00 | 820.00 | 1,180.00 |
| Total Undistributed Expenditures - Central Services | 1,440,211.00 | 206,000.00 | 1,646,211.00 | 1,575,695.74 | 70,515.26 |
| Undist. Expend. - Admin. Info. Technology | | | | | |
| Salaries | 464,816.00 | | 464,816.00 | 464,815.42 | 0.58 |
| Purchased Professional and Technical Services | 328,100.00 | | 328,100.00 | 273,937.32 | 54,162.68 |
| Other Purchased Services (400-500 series) | 13,000.00 | | 13,000.00 | 768.00 | 12,232.00 |
| Supplies and Materials | 60,000.00 | | 60,000.00 | 984.90 | 59,015.10 |
| Other Objects | | | - | | - |
| Total Undistributed Expenditures - Admin Info. Tech. | 865,916.00 | - | 865,916.00 | 740,505.64 | 125,410.36 |
| Undist. Expend. - Required Maint. School Fac. | | | | | |
| Salaries | 1,148,894.00 | (14,001.00) | 1,134,893.00 | 1,059,250.90 | 75,642.10 |
| Cleaning, Repair and Maintenance Service | 2,259,521.13 | 1,443.00 | 2,260,964.13 | 696,779.78 | 1,564,184.35 |
| General Supplies | 236,209.02 | - | 236,209.02 | 110,647.30 | 125,561.72 |
| Other Objects | 13,630.00 | (838.00) | 12,792.00 | | 12,792.00 |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | 3,658,254.15 | (13,396.00) | 3,644,858.15 | 1,866,677.98 | 1,778,180.17 |
| Undist. Expend. - Custodial Services | | | | | |
| Salaries | 3,932,133.00 | (4,365.00) | 3,927,768.00 | 3,698,070.91 | 229,697.09 |
| Purchased Professional and Technical Services | 37,500.00 | 3,600.00 | 41,100.00 | 19,684.26 | 21,415.74 |
| Cleaning, Repairs & Maintenance | 91,019.03 | 28,483.00 | 119,502.03 | 103,778.65 | 15,723.38 |
| Rental of Land, Buildings & Other than Leases | 622,110.00 | 838.00 | 622,948.00 | 622,944.52 | 3.48 |
| Other Purchased Property Services | 400,000.00 | 22,024.67 | 422,024.67 | 383,380.30 | 38,644.37 |
| Insurance | 954,000.00 | (5,512.67) | 948,487.33 | 777,816.31 | 170,671.02 |
| Miscellaneous Purchased Services | 12,044.00 | | 12,044.00 | 120.00 | 11,924.00 |
| General Supplies | 219,743.16 | - | 219,743.16 | 181,687.21 | 38,055.95 |
| Energy (Energy and Electricity) | 2,542,000.00 | | 2,542,000.00 | 2,312,846.57 | 229,153.43 |
| Other Objects | 2,000.00 | | 2,000.00 | 927.82 | 1,072.18 |
| Energy (Oil) | 90,000.00 | (53,870.50) | 36,129.50 | 1,286.20 | 34,843.30 |
| Energy (Gasoline / Diesel) | | 20,000.00 | 20,000.00 | 15,931.88 | 4,068.12 |
| Energy (Natural Gas) | 505,000.00 | | 505,000.00 | 505,000.00 | - |
| Total Undistributed Expenditures - Custodial Services | 9,407,549.19 | 11,197.50 | 9,418,746.69 | 8,623,474.63 | 795,272.06 |
| Undist. Expend. - Care & Upkeep of Grounds | | | | | |
| Salaries | 121,727.00 | 664.00 | 122,391.00 | 105,808.28 | 16,582.72 |
| Purchased Professional and Technical Services | 2,000.00 | | 2,000.00 | 1,200.00 | 800.00 |
| Cleaning, Repairs & Maintenance | 50,000.00 | (12,000.00) | 38,000.00 | 19,967.10 | 18,032.90 |
| Rental of Equipment | 7,147.00 | | 7,147.00 | 244.08 | 6,902.92 |
| General Supplies | 15,000.00 | 6,800.00 | 21,800.00 | 14,822.73 | 6,977.27 |
| Other Objects | 600.00 | | 600.00 | 60.00 | 540.00 |
| Total Undist. Expend. - Care & Upkeep of Grounds | 196,474.00 | (4,536.00) | 191,938.00 | 142,102.19 | 49,835.81 |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|--|------------------------|-----------------------|------------------------|-----------------------|---|
| Undist. Expend. - Security | | | | | |
| Salaries | 2,042,037.00 | (10,336.00) | 2,031,701.00 | 1,678,683.44 | 353,017.56 |
| Purchased Professional and Technical Services | 15,000.00 | 1,500.00 | 16,500.00 | 15,274.50 | 1,225.50 |
| Cleaning, Repairs & Maintenance | 209,500.00 | (1,500.00) | 208,000.00 | 184,111.70 | 23,888.30 |
| General Supplies | 23,000.00 | | 23,000.00 | 8,420.85 | 14,579.15 |
| Other Objects | 500.00 | | 500.00 | | 500.00 |
| Total Undist. Expend. - Security | <u>2,290,037.00</u> | <u>(10,336.00)</u> | <u>2,279,701.00</u> | <u>1,886,490.49</u> | <u>393,210.51</u> |
| Total Undistributed Expenditures | | | | | |
| Operations and Maintenance of Plant | 15,552,314.34 | (17,070.50) | 15,535,243.84 | 12,518,745.29 | 3,016,498.55 |
| Undist. Expend. - Student Transportation Serv. | | | | | |
| Sal. - Pup. Trans. (Bet. Home & School) - Reg. | 142,739.00 | 664.00 | 143,403.00 | 143,402.62 | 0.38 |
| Other Purchased Professional and Tech. Services | 6,000.00 | (4,500.00) | 1,500.00 | 1,400.00 | 100.00 |
| Contracted Services - (Bet. Home & School) -Vendors | 1,900,006.00 | 82,825.74 | 1,982,831.74 | 1,969,727.70 | 13,104.04 |
| Contracted Services - (Other than Home & Sch) | 652,000.00 | (83,055.32) | 568,944.68 | 285,841.39 | 283,103.29 |
| Contracted Services - (Bet. Home & School) - Jointures | 10,000.00 | 7,538.52 | 17,538.52 | 17,297.88 | 240.64 |
| Contracted Services - Special Ed- Jointures | 2,362,997.00 | (37,245.00) | 2,325,752.00 | 2,118,225.86 | 207,526.14 |
| Contr. Serv. - (Sp Ed Stds) -Vendors | 83,049.00 | | 83,049.00 | 61,999.51 | 21,049.49 |
| Contr. Serv. - Aid in Lieu Payments - Non Pub. Sch. | 45,000.00 | | 45,000.00 | 24,221.52 | 20,778.48 |
| Contr. Serv. - Aid in Lieu Payments - Charter Schools | 132,143.00 | (97,348.74) | 34,794.26 | 12,818.00 | 21,976.26 |
| Contr. Serv. - Aid in Lieu Payments - Choice Schools | | 1,768.00 | 1,768.00 | 1,768.00 | - |
| Misc. Purchased Service - Transportation | 1,000.00 | 4,500.00 | 5,500.00 | 4,650.00 | 850.00 |
| General Supplies | 4,000.00 | | 4,000.00 | 1,599.00 | 2,401.00 |
| Total Undistributed Expenditures - Student Transportation Services | <u>5,338,934.00</u> | <u>(124,852.80)</u> | <u>5,214,081.20</u> | <u>4,642,951.48</u> | <u>571,129.72</u> |
| Unallocated Benefits | | | | | |
| Group Insurance | | 1,361.00 | 1,361.00 | 1,360.23 | 0.77 |
| Social Security Contribution | 1,695,486.00 | | 1,695,486.00 | 1,588,079.35 | 107,406.65 |
| Other Retirement Contributions - PERS | 1,977,434.00 | (101,680.00) | 1,875,754.00 | 1,848,749.00 | 27,005.00 |
| Other Retirement Contributions - DCRP | 40,000.00 | | 40,000.00 | 14,443.65 | 25,556.35 |
| Unemployment Compensation | 2,000,000.00 | | 2,000,000.00 | 2,000,000.00 | - |
| Workmen's Compensation | 1,743,128.00 | 300,000.00 | 2,043,128.00 | 2,003,712.96 | 39,415.04 |
| Health Benefits | 22,485,279.00 | (409,094.25) | 22,076,184.75 | 18,710,907.91 | 3,365,276.84 |
| Tuition Reimbursement | 548,000.00 | 29,413.25 | 577,413.25 | 577,413.15 | 0.10 |
| Other Employee Benefits | 300,000.00 | 130,000.00 | 430,000.00 | 400,738.27 | 29,261.73 |
| Total Unallocated Benefits | <u>30,789,327.00</u> | <u>(50,000.00)</u> | <u>30,739,327.00</u> | <u>27,145,404.52</u> | <u>3,593,922.48</u> |
| On-Behalf Contributions | | | | | |
| TPAF Pension (On-Behalf - Non-Budgeted) | - | - | - | 12,015,461.00 | (12,015,461.00) |
| Reimbursed TPAF Social Security Cont.(non-bud) | | | | 4,618,525.65 | (4,618,525.65) |
| Total On-Behalf Contributions | | | | <u>16,633,986.65</u> | <u>(16,633,986.65)</u> |
| Total Personal Services - Employee Benefits | <u>30,789,327.00</u> | <u>(50,000.00)</u> | <u>30,739,327.00</u> | <u>43,779,391.17</u> | <u>(13,040,064.17)</u> |
| TOTAL UNDISTRIBUTED EXPENDITURES | <u>81,848,295.34</u> | <u>(1,013,659.05)</u> | <u>80,834,636.29</u> | <u>88,667,435.72</u> | <u>(7,832,799.43)</u> |
| TOTAL GENERAL CURRENT EXPENSE | <u>143,454,701.54</u> | <u>(174,987.30)</u> | <u>143,279,714.24</u> | <u>144,822,745.90</u> | <u>(1,543,031.66)</u> |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Grades 9-12 | | 5,345.00 | 5,345.00 | 5,345.00 | - |
| Athletic Equipment | 22,500.00 | | 22,500.00 | | 22,500.00 |
| Undistributed - Support Services - Data Center | 284,000.00 | | 284,000.00 | 219,176.10 | 64,823.90 |
| Undistributed - Support Services - Maintenance | 45,000.00 | (5,345.00) | 39,655.00 | | 39,655.00 |
| Undistributed - Support Services - Grounds | | 33,870.50 | 33,870.50 | 33,870.50 | - |
| Total Equipment | <u>351,500.00</u> | <u>33,870.50</u> | <u>385,370.50</u> | <u>258,391.60</u> | <u>126,978.90</u> |
| Facilities Acquisition and Construction Services | | | | | |
| Assessment for Debt Service on SDA Funding | 73,597.00 | | 73,597.00 | 73,597.00 | - |
| Total Facilities Acquisition and Construction Services | <u>73,597.00</u> | <u>-</u> | <u>73,597.00</u> | <u>73,597.00</u> | <u>-</u> |
| Assets Acquired Under Capital Lease (non-budget) | | | - | | - |
| Total Assets Acquired Under Capital Lease (non-bud) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL CAPITAL OUTLAY | <u>425,097.00</u> | <u>33,870.50</u> | <u>458,967.50</u> | <u>331,988.60</u> | <u>126,978.90</u> |
| Transfer of Funds to Charter Schools | 4,020,122.00 | 141,116.80 | 4,161,238.80 | 4,161,238.80 | - |
| TOTAL EXPENDITURES | <u>147,899,920.54</u> | <u>0.00</u> | <u>147,899,920.54</u> | <u>149,315,973.30</u> | <u>(1,416,052.76)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(16,470,737.54)</u> | <u>(0.00)</u> | <u>(16,470,737.54)</u> | <u>(894,379.74)</u> | <u>15,576,357.80</u> |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Under/(Over) Final to Actual |
|--|------------------------|---------------------|------------------------|-------------------------|---|
| Other Financing Sources: | | | | | |
| Excess Workers Compensation Funds | 1,786,274.00 | | 1,786,274.00 | (1,000,000.00) | (2,786,274.00) |
| Operating Transfers In: | | | | | |
| Capital Projects Fund Interest | | | | 3,129.79 | 3,129.79 |
| Capital Reserve - Transfer from Debt Service Fund | | | | 2,689.24 | 2,689.24 |
| Total Other Financing Sources: | <u>1,786,274.00</u> | <u>-</u> | <u>1,786,274.00</u> | <u>(994,180.97)</u> | <u>(2,780,454.97)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses) | (14,684,463.54) | (0.00) | (14,684,463.54) | (1,888,560.71) | 12,795,902.83 |
| Fund Balance July 1 | 17,698,439.84 | | 17,698,439.84 | 17,698,439.84 | - |
| Fund Balance June 30 | <u>\$ 3,013,976.30</u> | <u>\$ (0.00)</u> | <u>\$ 3,013,976.30</u> | <u>\$ 15,809,879.13</u> | <u>\$ 12,795,902.83</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Reserve for Excess Surplus | | | | 2,626,231.02 | |
| Maintenance Reserve | | | | 2,000,000.00 | |
| Capital Reserve | | | | 1,213,657.00 | |
| Emergency Reserve | | | | 510,000.00 | |
| Tuition Reserve | | | | 853,000.00 | |
| Committed Fund Balance: | | | | | |
| Encumbrances | | | | 6,384.38 | |
| Reserved for Future Expenditures - Death Benefits | | | | 275,000.00 | |
| Assigned Fund Balance: | | | | | |
| Designated for Subsequent Year's Expenditures | | | | 5,575,809.00 | |
| Unassigned Fund Balance | | | | <u>2,749,797.73</u> | |
| | | | | 15,809,879.13 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Last State Aid Payment not recognized on GAAP basis | | | | 1,386,267.00 | |
| Fund Balance per Governmental Funds (GAAP) | | | | <u>\$ 14,423,612.13</u> | |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---------------------|---------------------|----------------------|----------------------|--------------------------|
| REVENUES: | | | | | |
| Local Sources | \$ - | \$ 24,421.00 | \$ 24,421.00 | \$ 10,143.31 | \$ (14,277.69) |
| State Sources | 3,299,360.00 | 292,214.00 | 3,591,574.00 | 3,162,712.68 | (428,861.32) |
| Federal Sources | 5,334,277.00 | 5,221,849.00 | 10,556,126.00 | 9,023,835.99 | (1,532,290.01) |
| Total Revenues | 8,633,637.00 | 5,538,484.00 | 14,172,121.00 | 12,196,691.98 | (1,975,429.02) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 5,053,599.00 | (710,301.00) | 4,343,298.00 | 4,058,793.75 | 284,504.25 |
| Other Salaries for Instruction | 579,949.00 | 525,870.00 | 1,105,819.00 | 1,047,937.00 | 57,882.00 |
| Purchased Professional and Technical Services | | 132,604.00 | 132,604.00 | 112,410.00 | 20,194.00 |
| Tuition | 1,591,582.00 | (206,701.00) | 1,384,881.00 | 1,384,881.00 | - |
| Other Purchased Services (400-500 series) | | 80,664.00 | 80,664.00 | 60,740.00 | 19,924.00 |
| General Supplies | 335,173.00 | 1,874,012.10 | 2,209,185.10 | 1,413,253.31 | 795,931.79 |
| Textbooks | 8,407.00 | 501.00 | 8,908.00 | 8,834.78 | 73.22 |
| Other Objects | 5,000.00 | (800.00) | 4,200.00 | - | 4,200.00 |
| Total Instruction | 7,573,710.00 | 1,695,849.10 | 9,269,559.10 | 8,086,849.84 | 1,182,709.26 |
| Support Services: | | | | | |
| Salaries of Supervisors of Instruction | 75,000.00 | (36,750.00) | 38,250.00 | 38,250.00 | - |
| Salaries of Other Professional Staff | | 78,855.50 | 78,855.50 | 78,855.50 | - |
| Salaries of Secretarial and Clerical Assistants | 59,394.00 | 86,108.00 | 145,502.00 | 137,769.00 | 7,733.00 |
| Other Salaries | 125,898.00 | 1,140,426.50 | 1,266,324.50 | 1,084,209.50 | 182,115.00 |
| Salaries of Master Teachers | | 193,099.00 | 193,099.00 | 193,099.00 | - |
| Personal Services - Employee Benefits | 769,220.00 | 1,348,527.00 | 2,117,747.00 | 1,992,000.14 | 125,746.86 |
| Purchased Professional Educational Services | 1,000.00 | 320,431.00 | 321,431.00 | 201,219.00 | 120,212.00 |
| Cleaning Repairs & Maintenance | | 270,202.00 | 270,202.00 | 147,118.00 | 123,084.00 |
| Purchased Technical Services | 10,000.00 | 49,984.00 | 49,984.00 | 14,040.00 | 35,944.00 |
| Contracted Services - Trans. - Field Trips | 1,000.00 | 11,000.00 | 21,000.00 | 6,549.00 | 14,451.00 |
| Travel | | 1,744.00 | 2,744.00 | 844.00 | 1,900.00 |
| Other Purchased Services (400-500 series) | | 19,217.00 | 19,217.00 | 9,009.00 | 10,208.00 |
| Supplies & Materials | 18,415.00 | 141,574.90 | 159,989.90 | 60,621.00 | 99,368.90 |
| Total Support Services | 1,059,927.00 | 3,624,418.90 | 4,684,345.90 | 3,963,583.14 | 720,762.76 |

See Accompanying Auditor's Report

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|-----------------|------------------|---------------|---------------|--------------------------|
| EXPENDITURES(cont'd): | | | | | |
| Facilities Acquisitions and Construction Services: | | | | | |
| Instructional Equipment | \$ - | \$ 218,216.00 | \$ 218,216.00 | \$ 146,259.00 | \$ 71,957.00 |
| Total Facilities Acquisitions and Const. Services: | - | 218,216.00 | 218,216.00 | 146,259.00 | 71,957.00 |
| Total Outflows | 8,633,637.00 | 5,538,484.00 | 14,172,121.00 | 12,196,691.98 | 1,975,429.02 |
| Other Financing Sources (Uses) | | | | | |
| Transfer from General Fund | - | - | - | - | - |
| Total Expenditures & Other Finan. Sources/(Uses) | 8,633,637.00 | 5,538,484.00 | 14,172,121.00 | 12,196,691.98 | 1,975,429.02 |
| Excess (Deficiency) of Revenues Over (Under) | | | | | |
| Expenditures and Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - | \$ - |

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Notes to the Required Supplementary Information

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2016**

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

| | | General Fund | | Special Revenue Fund |
|---|-------|--------------------------|-------|----------------------------|
| Sources / inflows of resources | | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1] | \$ 148,421,593.56 | [C-2] | \$ 12,196,691.98 |
| Difference - budget to GAAP: | | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | | | (739.31) |
| The Final State Aid payments for the Year Ended June 30, 2015 that were delayed until July 2015 were recorded as budgetary revenue for the Year Ended June 30, 2015 but are not recognized under GAAP until the Year Ended June 30, 2016. | | 1,369,797.80 | | 303,735.20 |
| The Final State Aid payments for the Year Ended June 30, 2016 that were delayed until July 2016 were recorded as budgetary revenue for the Year Ended June 30, 2016 but are not recognized under GAAP until the Year Ended June 30, 2017. | | (1,386,267.00) | | (329,936.00) |
| Unexpended Preschool Education Aid | | | | 26,200.80 |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds. | [B-2] | \$ 148,405,124.36 | [B-2] | \$ 12,195,952.67 |
| Uses / outflows of resources | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] | \$ 149,315,973.30 | [C-2] | \$ 12,196,691.98 |
| Difference - budget to GAAP: | | | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP financial reporting purposes. | | | | (739.31) |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds. | [B-2] | \$ 149,315,973.30 | [B-2] | \$ 12,195,952.67 |

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Required Supplementary Information – Part III

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|------------------|
| District's proportion of the net pension liability (asset) | 0.2150378748% | 0.2013476517% | 0.1936405509% |
| District's proportionate of the net pension liability (asset) | \$ 48,271,694.00 | \$ 37,697,787.00 | \$ 37,008,557.00 |
| District's covered payroll | \$ 15,128,605.00 | \$ 14,606,444.00 | \$ 13,347,370.00 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 319.08% | 258.09% | 277.27% |
| Plan fiduciary net position as a percentage of the total pension liability | 47.93% | 52.08% | 48.72% |

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

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|------------------------|------------------------|------------------------|
| Contractually required contribution | \$ 1,848,749.00 | \$ 1,659,881.00 | \$ 1,459,042.00 |
| Contributions in relation to the contractually required contribution | <u>\$ 1,848,749.00</u> | <u>\$ 1,659,881.00</u> | <u>\$ 1,459,042.00</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$15,128,605.00 | \$14,606,444.00 | \$ 13,347,370.00 |
| Contributions as a percentage of covered-employee payroll | 12.22% | 11.36% | 10.93% |

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

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-----------------------|-----------------------|-----------------------|
| District's proportion of the net pension liability (asset) | 0.00% | 0.00% | 0.00% |
| District's proportionate of the net pension liability (asset) | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability (asset) associated with the District | <u>415,447,236</u> | <u>342,788,494</u> | <u>305,445,923</u> |
| Total | <u>\$ 415,447,236</u> | <u>\$ 342,788,494</u> | <u>\$ 305,445,923</u> |
| District's covered payroll | \$ 71,070,263 | \$ 68,438,348 | \$ 64,928,089 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 28.71% | 33.64% | 33.76% |

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Other Supplementary Information

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.

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

| | Title I Part A | IDEA | IDEA Preschool | Title IIA | Title III | Race To The Top 3 | Perkins Grant | RTTT Preschool Expansion Aid |
|---|-----------------|-----------------|----------------|---------------|---------------|-------------------|---------------|------------------------------|
| REVENUES: | | | | | | | | |
| Local Sources | | | | | | | | |
| State Sources | | | | | | | | |
| Federal Sources | \$ 4,015,418.50 | \$ 1,902,415.00 | \$ 38,880.00 | \$ 527,863.00 | \$ 245,435.00 | \$ 70,673.49 | \$ 64,246.00 | \$ 2,158,905.00 |
| Total Revenues | 4,015,418.50 | 1,902,415.00 | 38,880.00 | 527,863.00 | 245,435.00 | 70,673.49 | 64,246.00 | 2,158,905.00 |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | 1,665,964.00 | 233,366.00 | | 243,935.00 | 54,860.00 | 33,248.35 | | 553,408.00 |
| Other Salaries for Instruction | | 59,639.00 | | | | | | 365,378.00 |
| Purchased Professional & Technical Services | 22,410.00 | 90,000.00 | | | | | | |
| Other Purchased Services (400-500 Series) | 2,252.00 | | | | | | | 21,346.00 |
| Tuition | | 1,346,001.00 | 38,880.00 | | 15,224.00 | 2,782.00 | 24,246.00 | 428,580.00 |
| General Supplies | 908,222.00 | 447.00 | | | | | | |
| Textbooks | | | | | | | | |
| Other Objects | | | | | | | | |
| Total Instruction | 2,598,848.00 | 1,729,453.00 | 38,880.00 | 243,935.00 | 70,084.00 | 36,030.35 | 24,246.00 | 1,368,712.00 |
| Support Services: | | | | | | | | |
| Salaries of Supervisors of Instruction | | 69,271.00 | | | | | | |
| Salaries of Other Professional Staff | 72,430.00 | | | | 20,816.00 | | | 13,703.00 |
| Salaries of Secretarial and Clerical Assistants | 937,175.50 | | | | 91,595.00 | | | 101,504.00 |
| Other Salaries | | | | | 36,316.00 | | | 539,721.00 |
| Salaries of Master Teachers | 374,701.00 | 103,691.00 | | 136,447.00 | | 2,543.14 | | 8,100.00 |
| Personal Services - Employee Benefits | | | | | | | | 15,106.00 |
| Purchased Professional Educational Services | 19,197.00 | | | 134,442.00 | | 32,100.00 | | |
| Cleaning Repairs & Maintenance | | | | | | | | |
| Purchased Technical Services | | | | | | | | |
| Rentals | | | | | | | | |
| Contracted Services - Trans. - Field Trips | | | | | | | | 2,181.00 |
| Travel | 844.00 | | | | | | | |
| Other Purchased Services (400-500 series) | 6,967.00 | | | | | | | 645.00 |
| Supplies & Materials | 5,256.00 | | | 13,039.00 | 26,624.00 | | | 2,974.00 |
| Other Objects | | | | | | | | |
| Total Support Services | 1,416,570.50 | 172,962.00 | - | 283,928.00 | 175,351.00 | 34,643.14 | - | 683,934.00 |
| Facilities Acquisitions and Construction Services: | | | | | | | | |
| Instructional Equipment | | | | | | | | |
| Total Facilities Acquisitions and Const. Services | - | - | - | - | - | - | 40,000.00 | 106,259.00 |
| Total Expenditures | 4,015,418.50 | 1,902,415.00 | 38,880.00 | 527,863.00 | 245,435.00 | 70,673.49 | 64,246.00 | 2,158,905.00 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - | - | - | - |
| Other Financing Sources (Uses): | | | | | | | | |
| Transfer from General Fund | | | | | | | | |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

| | Non-Public Compensatory Education | Non-Public Textbooks | Non-Public ESL | Non-Public Examination & Classification | Non-Public Speech | Non-Public Nursing | Non-Public Technical Aid | Non-Public Security Aid |
|--|---|-------------------------|-------------------|---|----------------------|-----------------------|-----------------------------|----------------------------|
| REVENUES: | | | | | | | | |
| Local Sources | 35,869.00 | 8,834.78 | 6,902.40 | 6,658.25 | 2,926.25 | 14,040.00 | 3,353.00 | 3,900.00 |
| State Sources | | | | | | | | |
| Federal Sources | | | | | | | | |
| Total Revenues | 35,869.00 | 8,834.78 | 6,902.40 | 6,658.25 | 2,926.25 | 14,040.00 | 3,353.00 | 3,900.00 |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | 35,869.00 | | 6,902.40 | | | | | |
| Other Salaries for Instruction | | | | | | | | |
| Purchased Professional & Technical Services | | | | | | | | |
| Other Purchased Services (400-500 Series) | | | | | | | | |
| Tuition | | | | | | | | |
| General Supplies | | | | | | | | |
| Textbooks | | 8,834.78 | | | | | | |
| Other Objects | | | | | | | 3,353.00 | |
| Total Instruction | 35,869.00 | 8,834.78 | 6,902.40 | - | - | - | 3,353.00 | - |
| Support Services: | | | | | | | | |
| Salaries of Supervisors of Instruction | | | | | | | | |
| Salaries of Other Professional Staff | | | | | | | | |
| Salaries of Secretarial and Clerical Assistants | | | | 6,658.25 | 2,926.25 | | | |
| Other Salaries | | | | | | | | |
| Salaries of Master Teachers | | | | | | | | |
| Personal Services - Employee Benefits | | | | | | | | |
| Purchased Professional Educational Services | | | | | | | | |
| Cleaning Repairs & Maintenance | | | | | | | | |
| Purchased Technical Services | | | | | | 14,040.00 | | |
| Rentals | | | | | | | | |
| Contracted Services - Trans. - Field Trips | | | | | | | | |
| Travel | | | | | | | | |
| Other Purchased Services (400-500 series) | | | | | | | | |
| Supplies & Materials | | | | | | | | 3,900.00 |
| Other Objects | | | | | | | | |
| Total Support Services | - | - | - | 6,658.25 | 2,926.25 | 14,040.00 | - | 3,900.00 |
| Facilities Acquisitions and Construction Services: | | | | | | | | |
| Instructional Equipment | | | | | | | | |
| Total Facilities Acquisitions and Const. Services: | - | - | - | - | - | - | - | - |
| Total Expenditures | 35,869.00 | 8,834.78 | 6,902.40 | 6,658.25 | 2,926.25 | 14,040.00 | 3,353.00 | 3,900.00 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - | - | - | - |
| Other Financing Sources (Uses): | | | | | | | | |
| Transfer from General Fund | | | | | | | | |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

| | YMCA Healthy U | Tanger Grant | BASF Grant | ACEF Grant | Atlanticare Grant | Cape Bank Charitable Foundation | Preschool Education Aid | Totals |
|---|-------------------|-----------------|-----------------|---------------|----------------------|---------------------------------------|-------------------------------|----------------------|
| REVENUES: | | | | | | | | |
| Local Sources | 650.00 | 2,219.04 | 4,868.88 | \$ 703.68 | \$ 739.71 | \$ 962.00 | 3,080,229.00 | \$ 10,143.31 |
| State Sources | | | | | | | | 3,162,712.68 |
| Federal Sources | | | | | | | | 9,023,835.99 |
| Total Revenues | 650.00 | 2,219.04 | 4,868.88 | 703.68 | 739.71 | 962.00 | 3,080,229.00 | 12,196,691.98 |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | | | | | | | 1,231,241.00 | 4,058,793.75 |
| Other Salaries for Instruction | | | | | | | 622,920.00 | 1,047,937.00 |
| Purchased Professional & Technical Services | | | | | | | 37,142.00 | 112,410.00 |
| Other Purchased Services (400-500 Series) | | | | | | | | 60,740.00 |
| Tuition | | | | | | | | 1,384,881.00 |
| General Supplies | | 2,219.04 | 4,868.88 | 703.68 | 739.71 | 962.00 | 20,906.00 | 1,413,253.31 |
| Textbooks | | | | | | | | 8,834.78 |
| Other Objects | | | | | | | | - |
| Total Instruction | - | 2,219.04 | 4,868.88 | 703.68 | 739.71 | 962.00 | 1,912,209.00 | 8,086,849.84 |
| Support Services: | | | | | | | | |
| Salaries of Supervisors of Instruction | | | | | | | 38,250.00 | 38,250.00 |
| Salaries of Other Professional Staff | | | | | | | 65,339.00 | 78,855.50 |
| Salaries of Secretarial and Clerical Assistants | | | | | | | 112,515.00 | 137,769.00 |
| Other Salaries | | | | | | | | 1,084,209.50 |
| Salaries of Master Teachers | | | | | | | | 193,099.00 |
| Personal Services - Employee Benefits | | | | | | | 798,581.00 | 1,992,000.14 |
| Purchased Professional Educational Services | | | | | | | 7,380.00 | 201,219.00 |
| Cleaning Repairs & Maintenance | | | | | | | 132,012.00 | 147,118.00 |
| Purchased Technical Services | | | | | | | | 14,040.00 |
| Rentals | | | | | | | | - |
| Contracted Services - Trans. - Field Trips | | | | | | | 4,368.00 | 6,549.00 |
| Travel | | | | | | | | 844.00 |
| Other Purchased Services (400-500 series) | 100.00 | | | | | | 1,297.00 | 9,009.00 |
| Supplies & Materials | 550.00 | | | | | | 8,278.00 | 60,621.00 |
| Other Objects | | | | | | | | - |
| Total Support Services | 650.00 | - | - | - | - | - | 1,168,020.00 | 3,963,583.14 |
| Facilities Acquisitions and Construction Services: | | | | | | | | |
| Instructional Equipment | | | | | | | | 146,259.00 |
| Total Facilities Acquisitions and Const. Services | - | - | - | - | - | - | - | 146,259.00 |
| Total Expenditures | 650.00 | 2,219.04 | 4,868.88 | 703.68 | 739.71 | 962.00 | 3,080,229.00 | 12,196,691.98 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - | - | - | - |
| Other Financing Sources (Uses): | | | | | | | | |
| Transfer from General Fund | | | | | | | | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) \$ | - | - | - | - | - | - | - | - |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid
Budgetary Basis
For the Year Ended June 30, 2016

| | Total | | |
|---|-------------------------------|-------------------------------|-----------------------------|
| | Budgeted | Actual | Variance |
| EXPENDITURES: | | | |
| Instruction: | | | |
| Salaries of Teachers | \$ 1,248,115.00 | \$ 1,231,241.00 | \$ 16,874.00 |
| Other Salaries for Instruction | 672,943.00 | 622,920.00 | 50,023.00 |
| Other Purchased Services (400-500 Series) | 46,328.00 | 37,142.00 | 9,186.00 |
| General Supplies | 293,845.00 | 20,906.00 | 272,939.00 |
| Total Instruction | <u>2,261,231.00</u> | <u>1,912,209.00</u> | <u>349,022.00</u> |
| Support Services: | | | |
| Salaries of Supervisors of Instruction | 38,250.00 | 38,250.00 | - |
| Salaries of Secretarial and Clerical Assistants | 73,072.00 | 65,339.00 | 7,733.00 |
| Other Salaries | 112,515.00 | 112,515.00 | - |
| Personal Services - Employee Benefits | 798,581.00 | 798,581.00 | - |
| Other Purchased Professional - Ed. Services | 13,711.00 | 7,380.00 | 6,331.00 |
| Cleaning Repairs & Maintenance | 157,702.00 | 132,012.00 | 25,690.00 |
| Other Purchased Services (400-500 Series) | 1,600.00 | 1,297.00 | 303.00 |
| Contracted Services - Trans. - Field Trips | 10,000.00 | 4,368.00 | 5,632.00 |
| Travel | 900.00 | | 900.00 |
| Supplies and Materials | 8,500.00 | 8,278.00 | 222.00 |
| Total Support Services | <u>1,214,831.00</u> | <u>1,168,020.00</u> | <u>46,811.00</u> |
| Total Expenditures | <u>\$ 3,476,062.00</u> | <u>\$ 3,080,229.00</u> | <u>\$ 395,833.00</u> |

CALCULATION OF BUDGET & CARRYOVER

| | |
|--|----------------------|
| Total Revised 2015-16 Preschool Aid Allocation | \$ 3,299,360.00 |
| Adjustments | - |
| Add: Actual Preschool Carryover June 30, 2015 | 769,079.31 |
| Add: Budgeted Transfer from the General Fund | |
| Total Preschool Education Aid Funds Available for 2015-16 Budget | <u>4,068,439.31</u> |
| Less: 2015-2016 Budgeted Preschool Education Aid | (3,476,062.00) |
| Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016 | <u>592,377.31</u> |
| Add: June 30, 2016 Unexpended Preschool Education Aid | 395,833.00 |
| 2015-16 Actual Carryover - Preschool Education Aid | <u>\$ 988,210.31</u> |
| 2015-16 Preschool Education Aid Carryover Budgeted for 2016-17 | <u>\$ 769,079.00</u> |

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.

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, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|------------------------|-----------------------|------------------------|-------------------------|
| Revenues and Other Financing Sources | | | | |
| State Sources - SCC Grant | \$ - | \$ - | \$ - | \$ - |
| Bond Proceeds and Transfers | 80,321,000.00 | | 80,321,000.00 | 80,321,000.00 |
| Total Revenues | <u>80,321,000.00</u> | <u>-</u> | <u>80,321,000.00</u> | <u>80,321,000.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Project Expenditures | 73,971,863.06 | 10,234.50 | 73,982,097.56 | 76,137,569.14 |
| Total Expenditures | <u>73,971,863.06</u> | <u>10,234.50</u> | <u>73,982,097.56</u> | <u>76,137,569.14</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>6,349,136.94</u> | <u>(10,234.50)</u> | <u>6,338,902.44</u> | <u>4,183,430.86</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer out | (4,183,430.86) | - | (4,183,430.86) | (4,183,430.86) |
| Total Other Financing Sources and Uses | <u>(4,183,430.86)</u> | <u>-</u> | <u>(4,183,430.86)</u> | <u>(4,183,430.86)</u> |
| Net Project | <u>\$ 2,165,706.08</u> | <u>\$ (10,234.50)</u> | <u>\$ 2,155,471.58</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, 2016

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|------------------------|----------------------|------------------------|--|
| Revenues and Other Financing Sources | | | | |
| Bond Proceeds and Transfers | 41,755,143.00 | | 41,755,143.00 | 41,755,143.00 |
| Total Revenues | <u>41,755,143.00</u> | <u>-</u> | <u>41,755,143.00</u> | <u>41,755,143.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Project Expenditures | 37,545,116.43 | 1,250.00 | 37,546,366.43 | 39,060,579.15 |
| Total Expenditures | <u>37,545,116.43</u> | <u>1,250.00</u> | <u>37,546,366.43</u> | <u>39,060,579.15</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>4,210,026.57</u> | <u>(1,250.00)</u> | <u>4,208,776.57</u> | <u>2,694,563.85</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer out | (2,694,563.85) | | (2,694,563.85) | (2,694,563.85) |
| Total Other Financing Sources and Uses | <u>(2,694,563.85)</u> | <u>-</u> | <u>(2,694,563.85)</u> | <u>(2,694,563.85)</u> |
| Net Project | <u>\$ 1,515,462.72</u> | <u>\$ (1,250.00)</u> | <u>\$ 1,514,212.72</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|--|------------------|
| Project Number | 0100-N01-09-1000 |
| Grant Date | N/A |
| Bond Authorization Date | 4/21/2009 |
| Bonds Authorized | \$ 41,755,143.00 |
| Bonds Issued | 41,755,143.00 |
| Original Authorized Costs | 41,755,143.00 |
| Revised Authorized Cost | 39,060,579.15 |
| Percentage Increase over Original Authorized Cost | -6.45% |
| Percentage Completion | 100% |
| Original Target Completion Date | 2011 |
| Revised Target Completion Date | 2013 |

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, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|-----------------------|----------------------|-----------------------|-------------------------|
| Revenues and Other Financing Sources | | | | |
| Bond Proceeds and Transfers | \$ 38,565,857.00 | \$ | \$ 38,565,857.00 | \$ 38,565,857.00 |
| Total Revenues | <u>38,565,857.00</u> | <u>-</u> | <u>38,565,857.00</u> | <u>38,565,857.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Project Expenditures | 36,426,746.63 | 8,984.50 | 36,435,731.13 | 37,076,989.99 |
| Total Expenditures | <u>36,426,746.63</u> | <u>8,984.50</u> | <u>36,435,731.13</u> | <u>37,076,989.99</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,139,110.37</u> | <u>(8,984.50)</u> | <u>2,130,125.87</u> | <u>1,488,867.01</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer out | (1,488,867.01) | | (1,488,867.01) | (1,488,867.01) |
| Total Other Financing Sources and Uses | <u>(1,488,867.01)</u> | <u>-</u> | <u>(1,488,867.01)</u> | <u>(1,488,867.01)</u> |
| Net Project | <u>\$ 650,243.36</u> | <u>\$ (8,984.50)</u> | <u>\$ 641,258.86</u> | <u>\$ (0.00)</u> |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 0110-N02-09-1000 |
| Grant Date | N/A |
| Bond Authorization Date | 4/21/2009 |
| Bonds Authorized | \$ 38,565,857.00 |
| Bonds Issued | 38,565,857.00 |
| Original Authorized Costs | 38,565,857.00 |
| Revised Authorized Cost | 37,076,989.99 |
| Percentage Increase over Original Authorized Cost | -3.86% |
| Percentage Completion | 100% |
| Original Target Completion Date | 2011 |
| Revised Target Completion Date | 2014 |

See Accompanying Auditor's Report

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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.**

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.

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2016**

| | <u>Unemployment Compensation Trust</u> | <u>Scholarship Trust</u> | <u>Agency Funds</u> | <u>Totals</u> |
|---|--|------------------------------|-------------------------|------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 1,125,702.39 | \$ 50,321.94 | \$ 2,359,700.13 | \$ 3,535,724.46 |
| Total Assets | <u>1,125,702.39</u> | <u>50,321.94</u> | <u>2,359,700.13</u> | <u>3,535,724.46</u> |
| LIABILITIES | | | | |
| Payable to Student Groups | | | 231,991.80 | 231,991.80 |
| Accounts Payable | 44,509.84 | | | 44,509.84 |
| Payroll Deductions & Withholdings | | | <u>2,127,708.33</u> | <u>2,127,708.33</u> |
| Total Liabilities | <u>44,509.84</u> | <u>-</u> | <u>2,359,700.13</u> | <u>2,404,209.97</u> |
| NET ASSETS | | | | |
| Held in Trust for Unemployment Claims and Other Purposes | \$ <u>1,081,192.55</u> | | | <u>1,081,192.55</u> |
| Reserve for Scholarships | | <u>\$ 50,321.94</u> | | <u>50,321.94</u> |
| Total Net Assets | | | | <u>1,131,514.49</u> |
| Total Liabilities and Net Assets | | | | <u>\$ 3,535,724.46</u> |

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2016**

| | Unemployment Compensation Trust | Scholarship Trust | Non-Spendable Endowment Trust | Totals |
|------------------------------------|---------------------------------------|----------------------|-------------------------------------|-----------------|
| ADDITIONS | | | | |
| Contributions: | | | | |
| Donations | \$ | \$ 7,500.00 | \$ | \$ 7,500.00 |
| Employee Withholdings | 184,731.58 | | | 184,731.58 |
| Board Contributions | 2,000,000.00 | | | 2,000,000.00 |
| Total Contributions | 2,184,731.58 | 7,500.00 | - | 2,192,231.58 |
| Investments Earnings: | | | | |
| Dividends and Interest | - | - | 331.50 | 331.50 |
| Net Investment Earnings | - | - | 331.50 | 331.50 |
| Total Additions | 2,184,731.58 | 7,500.00 | 331.50 | 2,192,563.08 |
| Deductions | | | | |
| Scholarships Awarded | | 20,230.20 | - | 20,230.20 |
| Unemployment Payments | 1,409,692.15 | | | 1,409,692.15 |
| Total Deductions | 1,409,692.15 | 20,230.20 | - | 1,429,922.35 |
| Change in Net Assets | 775,039.43 | (12,730.20) | 331.50 | 762,640.73 |
| Net Assets - Beginning of the Year | 306,153.12 | 49,742.85 | 12,977.79 | 368,873.76 |
| Net Assets - End of the Year | \$ 1,081,192.55 | \$ 37,012.65 | \$ 13,309.29 | \$ 1,131,514.49 |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2016

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2016</u> |
|--------------|---------------------------------------|----------------------|----------------------|--|
| Schools | \$ 201,164.22 | \$ 290,552.57 | 262,957.08 | \$ 228,759.71 |
| Athletic | 47,012.99 | 26,632.92 | 70,413.82 | 3,232.09 |
| Total Assets | <u>\$ 248,177.21</u> | <u>\$ 317,185.49</u> | <u>\$ 333,370.90</u> | <u>\$ 231,991.80</u> |

See Accompanying Auditor's Report

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2016**

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2016</u> |
|----------------------------------|---------------------------------------|-------------------------|-------------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 911,498.44 | \$ 96,468,842.49 | 95,252,632.60 | \$ 2,127,708.33 |
| Total Assets | <u>\$ 911,498.44</u> | <u>\$ 96,468,842.49</u> | <u>\$ 95,252,632.60</u> | <u>\$ 2,127,708.33</u> |
| LIABILITIES: | | | | |
| Payroll Deductions & Withholding | \$ 911,498.44 | \$ 96,468,842.49 | \$ 95,252,632.60 | \$ 2,127,708.33 |
| Total Liabilities | <u>\$ 911,498.44</u> | <u>\$ 96,468,842.49</u> | <u>\$ 95,252,632.60</u> | <u>\$ 2,127,708.33</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.

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Schedule of General Serial Bonds
6As of June 30, 2015

| Improvement Description | Date of Issue | Amount of Original Issue | Maturities of Bonds | | | | Decreased | Balance 6/30/2016 |
|--|---------------|--------------------------|---------------------|-----------|---------------|-------------------|--------------|-------------------|
| | | | Date | Amount | Interest Rate | Balance 6/30/2015 | | |
| General Obligation Refunding Bonds of 1997 | 10/15/1997 | \$ 54,350,000 | | | \$ | \$ 3,750,000.00 | \$ - | |
| Refunding School Bonds | 1/15/2008 | 11,240,000 | 7/15/2016 | 2,480,000 | 5.800% | 5,440,000.00 | 2,480,000.00 | |
| Build America School Bonds | 7/30/2009 | \$ 50,321,000 | 8/15/2016 | 1,455,000 | 4.900% | 45,446,000.00 | 1,385,000.00 | |
| | | | 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% | | | | | | |

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|---------------------|-----------------|-----------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ | \$ | \$ - | \$ | \$ - |
| Interest | | | - | | - |
| State Sources: | | | | | |
| Debt Service Aid Type II | 807,101.00 | | 807,101.00 | 807,101.00 | - |
| Total - State Sources | 807,101.00 | - | 807,101.00 | 807,101.00 | - |
| Total Revenues | 807,101.00 | - | 807,101.00 | 807,101.00 | - |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 3,736,958.00 | | 3,736,958.00 | 3,736,958.00 | - |
| Redemption of Principal | 9,680,000.00 | | 9,680,000.00 | 9,680,000.00 | - |
| Total Regular Debt Service | 13,416,958.00 | - | 13,416,958.00 | 13,416,958.00 | - |
| Total Expenditures | 13,416,958.00 | - | 13,416,958.00 | 13,416,958.00 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (12,609,857.00) | - | (12,609,857.00) | (12,609,857.00) | - |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfers Out: | | | | | |
| Capital Reserve | | | - | (2,689.24) | (2,689.24) |
| Total Other Financing Sources (Uses): | - | - | - | (2,689.24) | (2,689.24) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures | (12,609,857.00) | - | (12,609,857.00) | (12,612,546.24) | (2,689.24) |
| Fund Balance, July 1 | 12,612,546.24 | | 12,612,546.24 | 12,612,546.24 | - |
| Fund Balance, June 30 | \$ 2,689.24 | \$ - | \$ 2,689.24 | \$ - | \$ (2,689.24) |

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Statistical Section

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

Exhibit J-1

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 * | 2015 | 2016 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 16,759,981.00 | \$ 28,494,921.00 | \$ 44,465,776.00 | \$ 23,566,178.86 | \$ 27,245,977.77 | \$ 45,018,660.00 | \$ 54,682,838.00 | \$ 65,592,186.41 | \$ 74,354,599.09 | \$ 78,737,852.21 |
| Restricted | 975,518.00 | 488,289.00 | 305,761.00 | 17,143,671.22 | 31,016,444.25 | 33,329,117.00 | 32,690,749.24 | 22,519,928.32 | 9,354,507.62 | 4,781,702.60 |
| Unrestricted | 21,356,751.00 | 18,906,291.00 | 10,899,306.00 | 12,111,576.00 | 3,861,142.33 | 3,404,940.33 | 7,077,979.76 | (23,933,304.97) | (17,029,969.62) | (30,605,365.92) |
| Total governmental activities net position | \$ 39,092,250.00 | \$ 47,889,501.00 | \$ 54,860,843.00 | \$ 52,823,426.06 | \$ 62,123,564.35 | \$ 81,752,737.33 | \$ 94,451,567.00 | \$ 64,178,869.76 | \$ 66,679,137.09 | \$ 52,914,186.89 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 134,106.00 | \$ 99,240.00 | \$ 91,020.00 | \$ 280,627.00 | \$ 249,570.00 | \$ 215,161.00 | \$ 181,382.00 | \$ 196,608.00 | \$ 162,660.00 | \$ 84,734.00 |
| Restricted | 130,288.00 | (372,751.00) | (511,735.00) | (86,314.95) | 77,489.00 | (212,670.00) | (308,679.98) | 148,049.25 | 132,256.29 | 566,396.28 |
| Unrestricted | 264,394.00 | \$ (273,511.00) | \$ (420,715.00) | \$ 192,312.05 | \$ 327,059.00 | \$ 2,491.00 | \$ (127,297.98) | \$ 344,657.25 | \$ 294,916.29 | \$ 651,130.28 |
| Total business-type activities net position | \$ 264,394.00 | \$ (273,511.00) | \$ (420,715.00) | \$ 192,312.05 | \$ 327,059.00 | \$ 2,491.00 | \$ (127,297.98) | \$ 344,657.25 | \$ 294,916.29 | \$ 651,130.28 |
| District-wide | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 16,894,087.00 | \$ 28,594,161.00 | \$ 44,556,796.00 | \$ 23,848,805.86 | \$ 27,495,547.77 | \$ 45,233,841.00 | \$ 54,864,220.00 | \$ 65,788,794.41 | \$ 74,517,259.09 | \$ 78,822,586.21 |
| Restricted | 975,518.00 | 488,289.00 | 305,761.00 | 17,143,671.22 | 31,016,444.25 | 33,329,117.00 | 32,690,749.24 | 22,519,928.32 | 9,354,507.62 | 4,781,702.60 |
| Unrestricted | 21,487,039.00 | 18,533,540.00 | 9,577,571.00 | 12,023,261.05 | 3,938,631.33 | 3,192,270.33 | 6,769,299.78 | (23,785,255.72) | (16,897,713.33) | (30,038,969.64) |
| Total district net position | \$ 39,356,644.00 | \$ 47,615,990.00 | \$ 54,440,128.00 | \$ 53,015,738.13 | \$ 62,450,623.35 | \$ 81,755,228.33 | \$ 94,324,269.02 | \$ 64,523,467.01 | \$ 66,974,053.36 | \$ 53,565,319.17 |

* - Restated Unrestricted in 2014 for the effects of GASB 68

Source: CAFR Schedule A-1

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

Exhibit J-2

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 51,815,632.00 | \$ 53,360,505.00 | \$ 49,345,947.00 | \$ 44,484,107.00 | \$ 46,192,488.63 | \$ 49,440,165.00 | \$ 55,331,688.00 | \$ 55,099,868.26 | \$ 63,248,911.74 | \$ 66,190,162.63 |
| Special education | 7,534,913.00 | 8,692,955.00 | 10,162,324.00 | 21,293,625.00 | 23,686,652.11 | 21,616,768.00 | 20,847,052.00 | 24,034,922.96 | 30,402,522.35 | 36,228,692.15 |
| Other special education | 7,999,193.00 | 9,974,744.00 | 15,007,261.00 | 16,736,204.00 | 16,195,702.57 | 17,565,255.00 | 14,818,670.00 | 19,779,557.31 | 21,989,117.59 | 15,165,941.41 |
| Support Services: | | | | | | | | | | |
| Tuition | 16,574,316.00 | 17,005,026.00 | 18,967,034.00 | 14,505,847.00 | 13,943,628.85 | 15,091,977.00 | 13,242,855.84 | 11,225,627.65 | 12,285,017.11 | 12,674,162.07 |
| Student & instruction related services | 17,070,532.00 | 19,591,762.00 | 17,652,647.00 | 22,193,579.00 | 20,802,733.27 | 20,466,195.00 | 23,637,831.00 | 24,852,885.91 | 28,907,628.61 | 26,003,064.82 |
| General administrative services | 6,249,122.00 | 3,200,372.00 | 4,579,068.00 | 4,029,875.00 | 7,155,929.70 | 2,586,087.00 | 3,032,406.73 | 3,460,639.57 | 2,539,993.30 | 2,554,851.33 |
| School administrative services | 4,990,576.00 | 5,564,594.00 | 5,410,583.00 | 5,856,744.00 | 5,802,682.89 | 6,262,409.00 | 7,039,304.79 | 6,771,011.54 | 6,615,263.24 | 7,227,029.73 |
| Central Services | 3,096,119.00 | 3,301,959.00 | 2,234,298.00 | 2,245,490.00 | 2,255,485.38 | 2,222,080.00 | 2,538,104.67 | 2,650,558.80 | 2,662,333.94 | 3,467,547.16 |
| Plant operations and maintenance | 19,166,402.00 | 18,846,654.00 | 18,812,959.00 | 27,409,038.00 | 17,840,345.89 | 20,334,368.00 | 22,522,368.00 | 23,031,834.48 | 20,999,843.31 | 20,067,231.99 |
| Pupil transportation | 5,147,389.00 | 5,373,113.00 | 5,371,668.00 | 4,788,978.00 | 4,524,112.21 | 4,955,343.00 | 5,025,046.38 | 5,057,051.44 | 5,263,917.57 | 4,642,951.48 |
| Capital Outlay | | | 2,242,610.00 | 294,704.00 | | 294,853.00 | 115,688.63 | 729,366.98 | | |
| Special schools | 1,859,259.00 | 2,335,465.00 | 2,242,610.00 | 294,704.00 | | 294,853.00 | 115,688.63 | 729,366.98 | | |
| Interest on long-term debt | 4,719,154.00 | 4,285,853.00 | 3,882,856.00 | 3,818,670.00 | 6,305,810.70 | 5,551,788.00 | 5,297,035.00 | 4,438,077.17 | 4,194,051.05 | 3,768,861.25 |
| Unallocated depreciation | | | | | | | | | | |
| Total governmental activities expenses | 146,182,407.00 | 151,482,602.00 | 153,649,256.00 | 167,617,061.00 | 164,717,592.20 | 166,379,308.00 | 173,848,738.94 | 181,127,592.27 | 193,108,599.81 | 197,010,496.02 |
| Business-type activities: | | | | | | | | | | |
| Food service | 4,409,384.00 | 4,665,918.00 | 4,660,129.00 | 4,622,148.00 | 4,639,049.11 | 5,292,433.00 | 5,361,535.07 | 6,059,444.57 | 6,259,345.84 | 5,997,473.20 |
| Reading Recovery | 3,059.00 | 1,654.00 | 24,076.00 | 20,940.00 | 14,760.36 | 5,258.00 | 25,404.35 | 52,246.10 | 20,214.89 | |
| Total business-type activities expenses | 4,412,443.00 | 4,667,572.00 | 4,684,205.00 | 4,643,088.00 | 4,653,809.47 | 5,297,691.00 | 5,386,939.42 | 6,111,690.67 | 6,279,560.73 | 5,997,473.20 |
| Total district expenses | \$ 150,594,850.00 | \$ 156,150,174.00 | \$ 158,333,461.00 | \$ 172,260,149.00 | \$ 169,371,391.67 | \$ 171,676,999.00 | \$ 179,235,678.36 | \$ 187,239,282.94 | \$ 203,388,160.54 | \$ 203,007,969.22 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Operating grants and contributions | \$ 18,728,026.00 | \$ 19,519,665.00 | \$ 10,010,870.00 | \$ 9,161,646.00 | \$ 11,095,687.00 | \$ 9,665,605.00 | \$ 8,290,413.00 | \$ 9,260,898.00 | \$ 38,568,411.00 | \$ 50,664,179.00 |
| Charges for Services - Tuition | | | 4,026,807.00 | 4,023,823.00 | 825,921.00 | 4,356,754.00 | 1,096,892.00 | 1,463,257.00 | 11,392,183.00 | 11,182,845.00 |
| Capital grants and contributions | | | 11,037,677.00 | 10,185,489.00 | 11,921,608.00 | 11,012,359.00 | 22,071,371.18 | 22,525,069.42 | 877,003.00 | 807,101.00 |
| Total governmental activities program revenues | \$ 18,728,026.00 | \$ 19,519,665.00 | \$ 25,075,354.00 | \$ 23,370,958.00 | \$ 23,843,216.00 | \$ 25,034,718.00 | \$ 29,387,682.18 | \$ 33,209,026.42 | \$ 50,837,597.61 | \$ 62,654,124.92 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Food service | 725,064.00 | 555,571.00 | 592,651.00 | 505,512.00 | 516,835.49 | 548,129.00 | 570,969.74 | 425,687.89 | 510,870.63 | 414,910.91 |
| Reading Recovery | 5,600.00 | 3,167,171.00 | 3,494,350.00 | 4,059,054.00 | 3,563,532.74 | 4,170,994.00 | 4,639,631.17 | 5,252,066.01 | 1,800.00 | |
| Operating grants and contributions | 3,169,784.00 | 3,169,784.00 | 4,087,001.00 | 4,087,001.00 | 4,081,868.23 | 4,723,123.00 | 5,257,150.91 | 5,733,041.90 | 5,717,149.14 | 5,938,776.28 |
| Total business-type activities program revenue | \$ 3,900,448.00 | \$ 3,728,342.00 | \$ 4,087,001.00 | \$ 4,596,116.00 | \$ 4,081,868.23 | \$ 4,723,123.00 | \$ 5,257,150.91 | \$ 5,733,041.90 | \$ 6,229,819.77 | \$ 6,353,687.19 |
| Total district program revenue | \$ 22,628,474.00 | \$ 23,248,007.00 | \$ 15,124,678.00 | \$ 14,781,658.00 | \$ 16,003,476.23 | \$ 15,735,482.00 | \$ 27,328,522.09 | \$ 28,258,111.32 | \$ 57,067,417.38 | \$ 69,007,812.01 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (127,454,381.00) | \$ (131,962,937.00) | \$ (142,611,579.00) | \$ (157,431,592.00) | \$ (152,795,974.00) | \$ (155,366,949.00) | \$ (151,777,368.00) | \$ (158,602,523.00) | \$ (148,271,002.00) | \$ (134,356,371.00) |
| Business-type activities | \$ (511,995.00) | \$ (939,230.00) | \$ (597,204.00) | \$ (46,974.00) | \$ (571,941.24) | \$ (574,568.00) | \$ (129,788.51) | \$ (373,648.77) | \$ (69,740.96) | \$ (356,213.99) |
| Total district-wide net expense | \$ (127,966,376.00) | \$ (132,902,167.00) | \$ (143,208,783.00) | \$ (157,478,566.00) | \$ (153,367,915.24) | \$ (155,941,517.00) | \$ (151,907,156.51) | \$ (158,981,171.62) | \$ (148,320,743.16) | \$ (134,000,187.21) |

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

Exhibit J-2

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | \$ 93,056,124.00 | \$ 94,001,269.00 | \$ 97,761,320.00 | \$ 101,671,773.00 | \$ 114,163,786.00 | \$ 117,535,530.00 | \$ 118,235,550.00 | \$ 118,235,550.00 | \$ 118,426,947.00 | \$ 81,888,890.00 |
| Taxes levied for debt service | 11,534,220.00 | 11,366,374.00 | 11,361,225.00 | 11,323,655.00 | 11,568,037.00 | 16,422,244.00 | 16,216,860.00 | 13,280,194.00 | 13,529,974.00 | - |
| Unrestricted grants and contributions | 21,170,903.00 | 21,776,197.00 | 26,261,172.00 | 24,901,958.00 | 23,161,694.67 | 26,152,952.00 | 29,236,305.16 | 30,472,210.06 | 16,426,353.22 | 38,247,687.35 |
| Tuition | 11,635,011.00 | 11,079,490.00 | 11,352,904.00 | 13,990,551.00 | 13,087,510.03 | 11,987,016.00 | - | - | - | - |
| Miscellaneous income | 2,565,329.00 | 2,996,858.00 | 1,276,300.00 | 4,160,837.00 | 795,224.34 | 1,641,934.00 | 2,613,757.76 | 691,326.14 | 388,055.31 | 454,845.65 |
| Transfers & Adjustments | (496,312.00) | (400,000.00) | (450,000.00) | (660,000.00) | (700,000.00) | (250,000.00) | (1,825,830.55) | 50,604.00 | - | - |
| Total governmental activities | \$ 139,405,275.00 | \$ 140,760,786.00 | \$ 149,582,921.00 | \$ 155,394,174.00 | \$ 162,096,112.24 | \$ 175,519,676.00 | \$ 164,476,662.39 | \$ 164,729,884.20 | \$ 150,771,329.53 | \$ 120,591,423.00 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | - | 1,325.00 | - | - | - | - | - | - | - | - |
| Capital Contributions | - | - | - | - | 6,688.00 | - | - | - | - | - |
| Transfers | 500,000.00 | 400,000.00 | 450,000.00 | 660,000.00 | 700,000.00 | 250,000.00 | - | - | - | - |
| Total business-type activities | \$ 500,000.00 | \$ 401,325.00 | \$ 450,000.00 | \$ 660,000.00 | \$ 706,688.00 | \$ 250,000.00 | \$ - | \$ - | \$ - | \$ - |
| Total district-wide | \$ 139,905,275.00 | \$ 141,161,613.00 | \$ 150,032,921.00 | \$ 156,054,174.00 | \$ 162,802,800.24 | \$ 175,769,676.00 | \$ 164,476,662.39 | \$ 164,729,884.20 | \$ 150,771,329.53 | \$ 120,591,423.00 |
| Changes in Net Assets | \$ 11,950,894.00 | \$ 8,797,251.00 | \$ 6,971,342.00 | \$ (2,037,418.00) | \$ 9,300,138.04 | \$ 20,152,727.00 | \$ 12,699,294.63 | \$ 6,127,361.35 | \$ 2,500,327.33 | \$ (13,764,948.20) |
| Governmental activities | (11,995.00) | (537,905.00) | (147,204.00) | 613,028.00 | 134,746.76 | (324,568.00) | (129,788.51) | (373,648.77) | (49,740.96) | 356,213.99 |
| Business-type activities | \$ 11,938,899.00 | \$ 8,259,346.00 | \$ 6,824,138.00 | \$ (1,424,390.00) | \$ 9,434,884.80 | \$ 19,828,159.00 | \$ 12,569,506.12 | \$ 5,749,712.56 | \$ 2,450,566.37 | \$ (13,408,734.21) |

Source: CAFR Schedule A-2

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

| General Fund | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Restricted | - | - | - | - | \$ 19,091,220.40 | \$ 20,037,565.00 | \$ 24,116,470.30 | \$ 20,139,347.63 | \$ 7,188,801.54 | \$ 2,626,231.02 |
| Committed | - | - | - | - | 2,384,108.28 | 10,466,476.00 | 9,914,364.00 | 8,393,127.92 | 835,703.54 | 4,858,041.38 |
| Assigned | - | - | - | - | 1,104,883.00 | 2,284,736.00 | 2,937,211.00 | 3,369,047.16 | 7,459,958.46 | 5,575,809.00 |
| Unassigned | - | - | - | - | 2,461,643.55 | 2,149,969.00 | 2,250,368.00 | 1,816,073.29 | 844,178.50 | 1,363,530.73 |
| Reserved | \$ 18,496,880.00 | \$ 19,715,230.00 | \$ 19,309,452.00 | \$ 19,836,230.00 | - | - | - | - | - | - |
| Unreserved | 2,391,316.00 | 2,554,926.00 | 1,544,758.00 | 2,218,854.00 | \$ 25,041,855.23 | \$ 34,938,746.00 | \$ 39,218,413.30 | \$ 33,717,596.00 | \$ 16,328,642.04 | \$ 14,423,612.13 |
| Total general fund | \$ 20,888,196.00 | \$ 22,270,156.00 | \$ 20,854,210.00 | \$ 22,055,084.00 | \$ 25,041,855.23 | \$ 34,938,746.00 | \$ 39,218,413.30 | \$ 33,717,596.00 | \$ 16,328,642.04 | \$ 14,423,612.13 |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | - | - | - | - | \$ 13,765,150.85 | \$ 8,225,425.00 | \$ 3,540,756.00 | \$ 2,281,151.41 | \$ 2,168,395.32 | \$ 2,155,471.58 |
| Committed | - | - | - | - | - | - | - | 152,118.52 | - | - |
| Assigned | - | - | - | - | 188,158.00 | 235,364.00 | - | 906,649.00 | 12,609,857.00 | - |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Reserved | - | - | \$ 348.00 | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | \$ (474,254.00) | \$ (590,417.00) | \$ (208,340.00) | \$ (783,503.00) | - | - | - | - | - | - |
| Capital projects fund | 646,488.00 | 160,143.00 | - | 11,789,768.00 | - | - | - | - | - | - |
| Debt service fund | 14,677.00 | 13,200.00 | 114.00 | 188,272.00 | - | - | - | - | - | - |
| Permanent Fund | 9,353.00 | 9,846.00 | 10,299.00 | 10,617.00 | - | - | - | - | - | - |
| Total all other governmental funds | \$ 196,264.00 | \$ (407,128.00) | \$ (197,579.00) | \$ 11,205,154.00 | \$ 13,953,308.85 | \$ 8,460,789.00 | \$ 3,540,756.00 | \$ 3,289,918.93 | \$ 14,776,252.32 | \$ 2,155,471.58 |

Source: CAFR Schedule B-1

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 104,590,344.00 | \$ 105,367,643.00 | \$ 109,142,545.00 | \$ 113,000,828.00 | \$ 125,731,823.00 | \$ 133,987,774.00 | \$ 134,452,430.00 | \$ 133,515,744.00 | \$ 131,956,921.00 | \$ 81,888,890.00 |
| Tuition charges | 11,635,011.00 | 11,019,490.00 | 11,352,904.00 | 13,590,550.00 | 13,087,510.03 | 11,987,016.34 | 12,684,076.00 | 11,453,256.70 | 11,392,183.40 | 11,182,844.50 |
| Miscellaneous | 2,474,473.00 | 2,528,858.00 | 1,276,300.00 | 4,160,841.00 | 805,214.03 | 1,648,935.00 | 2,617,871.00 | 695,190.29 | 394,668.93 | 464,988.96 |
| State sources | 30,174,806.00 | 33,484,849.00 | 31,844,391.00 | 27,088,771.00 | 26,523,170.42 | 31,070,315.00 | 32,373,786.00 | 35,135,462.06 | 36,104,251.47 | 58,521,600.13 |
| Federal sources | 9,295,053.00 | 7,831,013.00 | 7,454,458.00 | 7,998,656.00 | 8,569,992.45 | 8,087,996.00 | 6,245,237.00 | 6,404,696.57 | 6,869,315.34 | 9,352,984.23 |
| Total Revenue | 158,169,687.00 | 160,211,853.00 | 161,070,598.00 | 166,239,646.00 | 174,717,720.24 | 186,782,036.34 | 188,373,400.00 | 187,204,349.62 | 186,717,340.14 | 161,411,307.82 |
| Expenditures | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular instruction | 40,041,639.00 | 41,296,645.00 | 38,810,166.00 | 33,451,799.00 | 33,973,473.07 | 34,652,480.00 | 36,814,162.00 | 39,524,062.20 | 39,177,724.87 | 35,915,819.90 |
| Special education instruction | 5,822,433.00 | 6,688,697.00 | 7,992,159.00 | 16,020,040.00 | 17,429,793.25 | 17,341,318.00 | 15,803,565.00 | 17,239,535.84 | 18,831,970.76 | 19,959,808.81 |
| Other special education instruction | 6,150,613.00 | 7,719,713.00 | 11,802,459.00 | 12,591,193.00 | 11,911,552.81 | 12,311,440.00 | 13,701,060.00 | 14,187,751.87 | 13,620,528.41 | 8,366,531.31 |
| Support Services: | | | | | | | | | | |
| Tuition | 13,119,037.00 | 13,547,289.00 | 15,545,172.00 | 14,505,847.00 | 13,943,628.85 | 15,091,976.00 | 13,242,856.00 | 11,225,827.85 | 12,285,017.11 | 12,674,162.07 |
| Student & instruction related services | 13,191,567.00 | 15,162,572.00 | 13,867,193.00 | 16,696,955.00 | 15,299,914.13 | 15,043,882.00 | 16,567,977.00 | 17,827,719.84 | 17,906,001.70 | 14,326,109.27 |
| General administrative services | 4,148,273.00 | 2,476,851.00 | 3,601,602.00 | 3,031,806.00 | 6,081,131.76 | 1,812,582.00 | 2,028,162.00 | 2,432,938.31 | 1,954,234.70 | 1,706,582.19 |
| School administrative services | 3,856,559.00 | 4,306,583.00 | 4,254,759.00 | 4,406,220.00 | 4,267,734.78 | 4,389,306.00 | 4,690,436.00 | 4,906,531.64 | 5,089,689.39 | 4,827,405.50 |
| Central Services | 2,392,583.00 | 2,585,472.00 | 1,757,164.00 | 1,689,356.00 | 1,658,863.06 | 1,557,450.00 | 1,695,292.00 | 1,901,325.34 | 2,048,361.85 | 2,316,201.38 |
| Plant operations and maintenance | 14,803,307.00 | 14,585,914.00 | 14,795,449.00 | 13,868,230.00 | 13,318,176.62 | 14,252,304.00 | 15,308,118.00 | 16,521,425.10 | 16,156,980.58 | 12,518,745.29 |
| Pupil transportation | 4,074,303.00 | 4,280,565.00 | 4,402,560.00 | 4,768,978.00 | 4,524,112.21 | 4,955,343.00 | 5,025,046.00 | 5,057,051.44 | 5,263,917.57 | 4,642,951.48 |
| Unallocated employee benefits | 28,727,265.00 | 29,219,487.00 | 26,120,890.00 | 30,443,617.00 | 33,330,673.74 | 36,588,006.00 | 39,969,312.00 | 41,630,913.01 | 43,977,096.34 | 43,779,391.17 |
| Special Schools | 1,471,656.00 | 1,860,580.00 | 1,838,019.00 | 221,716.00 | - | - | - | - | - | - |
| Capital outlay | 3,829,720.00 | 2,934,540.00 | 4,618,518.00 | 39,436,214.00 | 27,003,192.00 | 6,164,422.00 | 6,676,059.00 | 2,612,501.93 | 992,378.33 | 488,482.10 |
| Debt service: | | | | | | | | | | |
| Principal | 7,785,000.00 | 7,985,000.00 | 8,465,000.00 | 8,820,000.00 | 9,540,000.00 | 11,880,000.00 | 12,155,000.00 | 12,290,000.00 | 10,985,000.00 | 9,680,000.00 |
| Interest and other charges | 4,811,867.00 | 4,413,377.00 | 3,955,884.00 | 3,345,069.00 | 6,000,547.00 | 6,117,156.00 | 5,325,586.00 | 4,798,419.44 | 4,329,059.10 | 3,736,958.00 |
| Total Expenditures | 154,225,822.00 | 159,033,285.00 | 161,826,994.00 | 203,297,040.00 | 198,282,793.28 | 182,127,665.00 | 189,002,601.00 | 192,156,003.81 | 192,617,960.71 | 174,939,118.47 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 3,943,865.00 | 1,178,568.00 | (756,396.00) | (37,057,394.00) | (23,565,073.04) | 4,654,371.34 | (629,201.00) | (4,951,654.19) | (5,900,620.57) | (13,527,810.65) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Bond & Lease Proceeds | - | - | - | 50,321,000.00 | 30,000,000.00 | - | - | - | - | - |
| Transfers | (500,000.00) | (400,000.00) | (450,000.00) | (660,000.00) | (700,000.00) | (250,000.00) | - | (800,000.00) | - | - |
| Workers Compensation Fund | - | - | - | - | - | - | - | - | - | (1,000,000.00) |
| Adjustments | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (500,000.00) | (400,000.00) | (450,000.00) | 49,661,000.00 | 29,300,000.00 | (250,000.00) | - | (800,000.00) | - | (1,000,000.00) |
| Net change in fund balances | \$ 3,443,865.00 | \$ 778,568.00 | \$ (1,206,396.00) | \$ 12,603,606.00 | \$ 5,734,926.96 | \$ 4,404,371.34 | \$ (629,201.00) | \$ (5,751,654.19) | \$ (5,900,620.57) | \$ (14,527,810.65) |
| Debt service as a percentage of noncapital expenditures | 8% | 8% | 8% | 7% | 9% | 10% | 10% | 9% | 8% | 8% |

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 Ended June 30,</u> | <u>Interest on Investments</u> | <u>Tuition Revenue</u> | <u>Miscellaneous</u> | <u>Totals</u> |
|---------------------------------------|------------------------------------|----------------------------|----------------------|---------------|
| 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 |
| 2013 | 181,049.26 | 12,684,076.04 | 1,577,401.54 | 14,442,526.84 |
| 2014 | 34,228.87 | 11,453,256.70 | 656,981.26 | 12,144,466.83 |
| 2015 | 55,000.00 | 11,392,183.40 | 332,320.49 | 11,779,503.89 |
| 2016 | 0.26 | 11,182,844.50 | 451,715.60 | 11,634,560.36 |

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 | | | | | | | | | | | | Net | Total District | County |
|-----------------------|----------|---------------|---------------|----------------|------------|-------------|----------------|------------|----------------|------------|----------------|-------|----------------|--------|
| Year | Year | Vacant Land | Residential | Commercial | Industrial | Apartment | Total Assessed | Public | Valuation | School Tax | Equalized | Value | | |
| Ended | Dec. 31, | | | | | | Value | Utilities | Taxable | Rate | Value | Value | | |
| 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 | | | |
| 2013 | | 990,057,400 | 2,276,786,145 | 10,931,800,500 | 4,434,800 | 191,826,300 | 14,394,905,145 | 7,968,531 | 14,402,873,676 | 0.929 | 15,084,255,627 | | | |
| 2014 | | 768,923,100 | 2,100,464,715 | 8,207,089,300 | 4,069,800 | 185,632,200 | 11,266,179,115 | 6,538,788 | 11,272,717,903 | 1.197 | 11,867,756,704 | | | |
| 2015 | | 462,757,500 | 1,910,222,855 | 4,792,899,500 | 4,069,800 | 172,916,700 | 7,342,866,355 | 7,027,851 | 7,349,894,206 | 1.239 | 7,349,894,206 | | | |
| 2016 | | 415,929,500 | 1,685,997,740 | 4,251,201,600 | 4,972,800 | 151,651,000 | 6,509,752,640 | 6,128,664 | 6,515,881,304 | 1.536 | 7,448,397,602 | | | |

Source: County Abstract of Ratables & Municipal Tax Assessor

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 | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|---------------------|---------------------------------------|---------------------------------|----------------|-------------------|-------------------|-------------------|-------------------------|--------------|-------------------|-------------------|-------------------------|---------------------------------------|
| | Basic Rate | General Obligation Debt Service | County General | County Open Space | County General | County Open Space | Municipal Local Purpose | | County General | County Open Space | Municipal Local Purpose | |
| 2007 | 1.148 | 0.140 | 0.511 | 0.045 | 0.511 | 0.045 | 1.882 | 0.511 | 0.045 | 1.882 | 3.726 | |
| 2008 r | 0.464 | 0.060 | 0.238 | 0.022 | 0.238 | 0.022 | 0.882 | 0.238 | 0.022 | 0.882 | 1.666 | |
| 2009 | 0.487 | 0.060 | 0.236 | 0.005 | 0.236 | 0.005 | 0.925 | 0.236 | 0.005 | 0.925 | 1.713 | |
| 2010 | 0.529 | 0.055 | 0.253 | 0.005 | 0.253 | 0.005 | 0.967 | 0.253 | 0.005 | 0.967 | 1.809 | |
| 2011 | 0.611 | 0.059 | 0.237 | 0.004 | 0.237 | 0.004 | 1.036 | 0.237 | 0.004 | 1.036 | 1.947 | |
| 2012 | 0.652 | 0.090 | 0.287 | 0.005 | 0.287 | 0.005 | 1.130 | 0.287 | 0.005 | 1.130 | 2.164 | |
| 2013 | 0.821 | 0.108 | 0.227 | 0.002 | 0.227 | 0.002 | 1.384 | 0.227 | 0.002 | 1.384 | 2.542 | |
| 2014 | 1.059 | 0.138 | 0.354 | 0.003 | 0.354 | 0.003 | 1.794 | 0.354 | 0.003 | 1.794 | 3.348 | |
| 2015 | 1.213 | 0.026 | 0.384 | 0.001 | 0.384 | 0.001 | 1.798 | 0.384 | 0.001 | 1.798 | 3.422 | |
| 2016 | 1.410 | 0.126 | 0.383 | 0.001 | 0.383 | 0.001 | N/A | 0.383 | 0.001 | N/A | N/A | |

N/A = Municipal Tax Rate is not available
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 | 2016 | | | 2007 | | |
|----------------------------------|----------------------------|------|--|----------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| Revel Atlantic City LLC | 1,095,275,700.00 | 1 | 16.81% | | | |
| Trump Taj Mahal Assoc | 850,445,700.00 | 2 | 13.05% | 660,826,800.00 | 3 | 8.10% |
| Harrahs Atlantic City Propco LLC | 817,590,800.00 | 3 | 12.55% | | | |
| Marina District Development | 786,605,900.00 | 4 | 12.07% | 765,827,200.00 | 1 | 9.39% |
| Tropicana Atlantic City Corp | 547,608,700.00 | 5 | 8.40% | | | |
| Mirage A C Corp (MAC) | 402,545,400.00 | 6 | 6.18% | | | |
| Boardwalk Regency | 311,449,200.00 | 7 | 4.78% | 631,737,000.00 | 4 | 7.75% |
| Marina Associates (Borgata) | 266,288,000.00 | 8 | 4.09% | 572,945,500.00 | 6 | 7.03% |
| Showboat Atlantic City | 264,808,200.00 | 9 | 4.06% | 462,098,100.00 | 7 | 5.67% |
| Golden Nugget Atlantic City, LLC | 242,084,000.00 | 10 | 3.72% | | | |
| Bally Park Place of NJ | | | | 679,310,800.00 | 2 | 8.33% |
| Adamar of New Jersey | | | | 614,947,900.00 | 5 | 7.54% |
| GNOC Corp. | | | | 363,886,000.00 | 9 | 4.46% |
| Resorts International (Resorts) | | | | 354,897,500.00 | 10 | 4.35% |
| Trump Plaza Corp. | | | | 385,984,300.00 | 8 | 4.73% |
| Totals | \$ 5,584,701,600.00 | | 85.71% | \$ 5,492,461,100.00 | | 67.35% |
| | District Assessed Value | | \$ 7,349,894,206.00 | | | \$ 8,155,061,595.00 |

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 | |
| 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% | 12,730,995.00 |
| 2011 | 125,731,823.00 | 125,731,823.00 | 100% | - |
| 2012 | 133,987,774.00 | 133,987,774.00 | 100% | - |
| 2013 | 134,452,430.00 | 134,452,430.00 | 100% | - |
| 2014 | 133,515,744.00 | 133,515,744.00 | 100% | - |
| 2015 | 131,956,921.00 | 131,956,921.00 | 100% | - |
| 2016 | 81,888,890.00 | 81,888,890.00 | 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

Exhibit J-10

| Fiscal Year Ended June 30, | Governmental Activities | | | | Bond Anticipation Notes (BANs) | Business-Type Activities | Total District | * Percentage of Personal Income | * Per Capita Personal Income |
|----------------------------|--------------------------|-------------------------------|----------------|---|--------------------------------|--------------------------|----------------|---------------------------------|------------------------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | | | Capital Leases | | | |
| 2007 | 79,843,000.00 | 6,890,000.00 | 388,921.00 | - | - | 87,121,921.00 | 0.04% | 38,787.00 | |
| 2008 | 72,240,000.00 | 6,040,000.00 | - | - | - | 78,280,000.00 | 0.05% | 39,709.00 | |
| 2009 | 64,665,000.00 | 5,150,000.00 | - | - | - | 69,815,000.00 | 0.06% | 39,289.00 | |
| 2010 | 107,176,000.00 | 4,220,000.00 | - | - | - | 111,396,000.00 | 0.04% | 39,711.00 | |
| 2011 | 128,706,000.00 | 3,305,000.00 | - | - | - | 132,011,000.00 | 0.03% | 41,187.00 | |
| 2012 | 118,126,000.00 | 2,240,000.00 | - | - | - | 120,366,000.00 | 0.03% | 42,099.00 | |
| 2013 | 107,076,000.00 | 1,135,000.00 | - | - | - | 108,211,000.00 | 0.04% | 42,099.00 | |
| 2014 | 95,921,000.00 | - | - | - | - | 95,921,000.00 | 0.04% | 42,099.00 | |
| 2015 | 84,936,000.00 | - | - | - | - | 84,936,000.00 | 0.04% | 35,165.00 | |
| 2016 | 75,256,000.00 | - | - | - | - | 75,256,000.00 | 0.06% | 43,336.00 | |

* 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 | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value of Property | * Per Capita Personal Income |
|-------------------------------------|--------------------------------|------------|---|---|---------------------------------------|
| | General Obligation Bonds | Deductions | | | |
| 2007 | 79,843,000.00 | - | 79,843,000.00 | 0.98% | 38,787 |
| 2008 | 72,240,000.00 | - | 72,240,000.00 | 0.35% | 39,709 |
| 2009 | 64,665,000.00 | - | 64,665,000.00 | 0.32% | 39,289 |
| 2010 | 107,176,000.00 | - | 107,176,000.00 | 0.52% | 39,711 |
| 2011 | 128,706,000.00 | - | 128,706,000.00 | 0.66% | 41,187 |
| 2012 | 118,126,000.00 | - | 118,126,000.00 | 0.65% | 42,099 |
| 2013 | 107,076,000.00 | - | 107,076,000.00 | 0.74% | 42,099 |
| 2014 | 95,921,000.00 | - | 95,921,000.00 | 0.85% | 42,099 |
| 2015 | 84,936,000.00 | - | 84,936,000.00 | 1.16% | 35,165 |
| 2016 | 75,256,000.00 | - | 75,256,000.00 | 1.15% | 43,336 |

* 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 June 30, 2016

Exhibit J-12

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-------------------------|--|--|
| Debt Repaid with Property Taxes | | | |
| City of Atlantic City | \$ 236,701,000.00 | 100.00% | \$ 236,701,000.00 |
| Other Debt | | | |
| County of Atlantic | 110,650,658.07 | 20.39% | <u>22,557,621.50</u> |
| Subtotal, Overlapping Debt | | | 259,258,621.50 |
| City of Atlantic City School District Debt | | | <u>95,921,000.00</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 355,179,621.50</u></u> |

Sources: City of Atlantic City and Atlantic County Finance Office

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

Exhibit J-13

| | Average equalized valuation of taxable property | | | | | | | | | |
|---|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Debt limit | \$ 540,093,451.00 | \$ 694,434,090.00 | \$ 805,700,187.00 | \$ 848,732,324.00 | \$ 752,465,694.00 | \$ 717,219,749.00 | \$ 652,363,176.00 | \$ 638,092,277.00 | \$ 551,482,382.00 | \$ 463,193,332.29 |
| Total net debt applicable to limit | 79,843,000.00 | 72,240,000.00 | 64,665,000.00 | 107,176,000.00 | 128,706,000.00 | 118,126,000.00 | 107,076,000.00 | 95,921,000.00 | 84,936,000.00 | 75,256,000.00 |
| Legal debt margin | \$ 460,250,451.00 | \$ 622,194,090.00 | \$ 741,035,187.00 | \$ 741,556,324.00 | \$ 623,759,694.00 | \$ 599,093,749.00 | \$ 545,287,176.00 | \$ 542,171,277.00 | \$ 466,546,382.00 | \$ 387,937,332.29 |
| Total net debt applicable to the limit as a percentage of debt limit | 14.78% | 10.40% | 8.03% | 12.63% | 17.10% | 16.47% | 16.41% | 15.03% | 15.40% | 16.25% |

| Equalized valuation basis | |
|---------------------------|-----------------------------|
| 2015 | \$ 8,394,725,454.00 |
| 2014 | 11,260,548,841.00 |
| 2013 | 15,084,225,627.00 |
| | <u>\$ 34,739,499,922.00</u> |

| Average equalized valuation of taxable property | |
|---|----------------------|
| | \$ 11,579,933,307.33 |

| Debt limit (4% of average) | |
|----------------------------|--------------------------|
| | 463,193,332.29 |
| | 95,921,000.00 |
| | <u>\$ 367,272,332.29</u> |

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 |
|----------------------------|------------|--|------------------------------|-------------------|
| 2007 | 39,596 | 1,535,810.05 | 38,787 | 8.40% |
| 2008 | 39,416 | 1,565,169.94 | 39,709 | 9.30% |
| 2009 | 39,620 | 1,556,630.18 | 39,289 | 14.70% |
| 2010 | 39,574 | 1,571,523.11 | 39,711 | 16.30% |
| 2011 | 39,527 | 1,627,998.55 | 41,187 | 17.30% |
| 2012 | 39,527 | 1,664,047.17 | 42,099 | 17.8% |
| 2013 | 39,504 | 1,663,078.90 | 42,099 | 19.6% |
| 2014 | 39,551 | 1,665,057.55 | 42,099 | 16.5% |
| 2015 | 39,415 | 1,386,028.48 | 35,165 | 14.8% |
| 2016 | 39,260 | 1,701,371.36 | 43,336 | 13.2% |

* 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 | 2016 | | | 2007 | | |
|-----------------|-----------|------|--------------------------------|-----------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| | | | | | | |
| | | | | | | |
| | | | | | | |

This information is not available.

Source: N/A

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

Exhibit J-16

| <u>Function/Program</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction: | | | | | | | | | | |
| Regular instruction | 651 | 622 | 625 | 607 | 577 | 634 | 644 | 643 | 609 | 520 |
| Special education instruction | 43 | 118 | 142 | 173 | 127 | 138 | 132 | 135 | 198 | 201 |
| Other Instruction | 11 | 17 | 13 | 13 | 61 | 42 | 47 | 45 | 30 | 31 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 148 | 98 | 98 | 131 | 158 | 96 | 105 | 106 | 143 | 94 |
| General administrative services | 13 | 10 | 10 | 10 | 12 | 10 | 10 | 10 | 10 | 4 |
| School administrative services | 53 | 53 | 56 | 59 | 62 | 55 | 77 | 76 | 59 | 53 |
| Central Services | 22 | 22 | 22 | 22 | 22 | 23 | 38 | 36 | 25 | 26 |
| Plant operations and maintenance | 143 | 151 | 152 | 149 | 141 | 141 | 142 | 145 | 157 | 142 |
| Pupil transportation | 1 | 1 | 1 | 2 | 21 | 2 | 2 | 2 | 2 | 2 |
| Food Service | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | 1,087 | 1,093 | 1,120 | 1,167 | 1,182 | 1,142 | 1,198 | 1,199 | 1,234 | 1,074 |

Source: District Personnel Records

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

| Fiscal Year Ended June 30, | Enrollment | Operating Expenditures | Cost per Pupil | % Change | Teaching Staff | Pupil/Teacher Ratio | | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|----------------------------|------------|------------------------|----------------|----------|----------------|---------------------|---------------|-------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Elementary School | Middle School | High School | | | | |
| 2007 | 7,368 | 137,799,235.00 | 18,702 | 7.33% | 651 | 17:1 | n/a | 16:1 | 6,632 | 6,098 | -3.79% | 91.95% |
| 2008 | 7,060 | 143,700,368.00 | 20,354 | 8.83% | 685 | 17:1 | n/a | 12:1 | 6,281 | 5,815 | -5.29% | 92.58% |
| 2009 | 6,995 | 144,787,592.00 | 20,699 | 1.69% | 752 | 9:1 | n/a | 11:1 | 6,231 | 5,794 | -0.80% | 92.99% |
| 2010 | 7,106 | 151,695,757.00 | 21,348 | 3.13% | 721 | 9:1 | n/a | 11:1 | 6,411 | 5,952 | 2.89% | 92.84% |
| 2011 | 7,067 | 155,739,054.28 | 22,038 | 3.23% | 772 | 9:1 | n/a | 11:1 | 6,484 | 6,057 | 1.14% | 93.41% |
| 2012 | 7,041 | 157,966,087.00 | 22,435 | 1.80% | 814 | 9:1 | n/a | 11:1 | 6,416 | 5,981 | -1.05% | 93.22% |
| 2013 | 7,290 | 164,845,986.00 | 22,613 | 0.79% | 823 | 9:1 | n/a | 11:1 | 6,915 | 6,455 | 7.77% | 93.35% |
| 2014 | 7,221 | 172,455,082.44 | 23,882 | 5.62% | 823 | 9:1 | n/a | 11:1 | 7,164 | 6,548 | 3.61% | 91.40% |
| 2015 | 7,188 | 176,311,523.28 | 24,529 | 2.71% | 837 | 15:1 | n/a | 11:1 | 7,106 | 6,658 | -0.81% | 93.70% |
| 2016 | 7,155 | 161,033,678.37 | 22,506 | -8.24% | 721 | 9:1 | n/a | 13:1 | 7,118 | 6,642 | 0.17% | 93.31% |

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| District Buildings | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| 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 | 158 | 315 | 315 | 315 | 315 |
| Enrollment | 88 | 74 | 109 | 358 | 346 | 98 | | 339 | 340 | 385 |
| 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 | 32,100 |
| Capacity (students) | 388 | 388 | 388 | 388 | 388 | 388 | 388 | 388 | 388 | 388 |
| Enrollment | 388 | 384 | 364 | 415 | 383 | 387 | 408 | 284 | 345 | 372 |
| 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 | 811 |
| Enrollment | 627 | 564 | 536 | 539 | 576 | 667 | 779 | 692 | 680 | 625 |
| 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 | 76,640 |
| Capacity (students) | 549 | 549 | 549 | 549 | 549 | 549 | 549 | 549 | 549 | 549 |
| Enrollment | 42 | 57 | 95 | 41 | 110 | 194 | 163 | 73 | 42 | - |
| Pennsylvania Avenue (2012) | | | | | | | | | | |
| Square Feet | | | | | | 103,000 | 103,000 | 103,000 | 103,000 | 103,000 |
| Capacity (students) | | | | | | - | 628 | 640 | 551 | 562 |
| 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 | 78,880 |
| Capacity (students) | 781 | 781 | 781 | 781 | 781 | 781 | 781 | 781 | 781 | 781 |
| Enrollment | 351 | 302 | 285 | 299 | 351 | 357 | - | - | - | - |
| New York (2004) | | | | | | | | | | |
| Square Feet | 96,619 | 96,619 | 96,619 | 96,619 | 96,619 | 96,619 | 96,619 | 96,619 | 96,619 | 96,619 |
| Capacity (students) | 728 | 728 | 728 | 728 | 728 | 720 | 720 | 720 | 720 | 720 |
| Enrollment | 519 | 486 | 499 | 535 | 582 | 613 | 600 | 672 | 604 | 610 |
| Richmond Avenue (2012) | | | | | | | | | | |
| Square Feet | 44,675 | 44,675 | 44,675 | - | - | 119,140 | 119,140 | 119,140 | 119,140 | 119,140 |
| Capacity (students) | 571 | 571 | 571 | - | - | - | - | - | - | - |
| Enrollment | 405 | 378 | 371 | - | - | 418 | 399 | 611 | 631 | 640 |
| Sovereign Avenue (2004) | | | | | | | | | | |
| Square Feet | 105,350 | 105,350 | 105,350 | 105,350 | 105,350 | 105,350 | 105,350 | 105,350 | 105,350 | 105,350 |
| Capacity (students) | 719 | 719 | 719 | 719 | 719 | 360 | 719 | 719 | 719 | 719 |
| Enrollment | 718 | 741 | 738 | 736 | 798 | 891 | 909 | 737 | 744 | 772 |

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

Exhibit J-18

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>District Buildings</u> | | | | | | | | | | |
| Texas Avenue (1928 & 1956) | | | | | | | | | | |
| Square Feet | 64,000 | 64,000 | 64,000 | 64,000 | 64,000 | 64,000 | 64,000 | 64,000 | 64,000 | 64,000 |
| Capacity (students) | 405 | 405 | 405 | 405 | 405 | 405 | 405 | 405 | 405 | 405 |
| Enrollment | 494 | 478 | 541 | 591 | 618 | 610 | 576 | 582 | 549 | 531 |
| 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 | 111,385 |
| Capacity (students) | 654 | 654 | 654 | 654 | 654 | 654 | 654 | 654 | 654 | 654 |
| Enrollment | 687 | 630 | 600 | 626 | 581 | 563 | 539 | 617 | 593 | 598 |
| Venice Park (1950) | | | | | | | | | | |
| Square Feet | 7,171 | 7,171 | 7,171 | 7,171 | 7,171 | 7,171 | 7,171 | 7,171 | 7,171 | 7,171 |
| Capacity (students) | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 |
| Enrollment | 26 | 34 | 27 | 79 | 97 | 84 | 99 | 93 | 104 | 93 |
| <u>High School</u> | | | | | | | | | | |
| 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 | 460,000 |
| Capacity (students) | 1,703 | 1,703 | 1,703 | 1,703 | 1,703 | 1,703 | 1,703 | 1,703 | 1,703 | 1,703 |
| Enrollment | 2,497 | 2,321 | 2,200 | 2,292 | 2,104 | 2,072 | 44 | 1,881 | 1,906 | 1,967 |
| <u>Other</u> | | | | | | | | | | |
| 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 | 6,842 | 6,449 | 6,365 | 6,511 | 6,546 | 7,047 | 6,516 | 7,221 | 7,089 | 7,155 |

Number of Schools at June 30, 2016

Pre-school - 1.

Elementary - 8

High School - 1

Alternative High School - 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) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------|---------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Atlantic City High School | N/A | \$ 415,924.00 | \$ 1,573,402.00 | \$ 816,721.00 | \$ 687,048.72 | \$ 973,821.45 | \$ 1,672,030.00 | \$ 1,084,189.00 | \$ 1,679,476.90 | \$ 1,346,828.00 | \$ 653,337.63 |
| Boathouse | N/A | 6,153.00 | 27,751.00 | 9,270.00 | 9,873.58 | 10,921.51 | 14,764.00 | | | | - |
| Texas Avenue | N/A | 96,887.00 | 270,182.00 | 396,066.00 | 285,894.10 | 282,703.47 | 294,818.00 | 281,268.00 | 280,233.87 | 153,923.00 | 74,667.06 |
| Uptown School Complex | N/A | 133,629.00 | 537,551.00 | 584,131.00 | 430,614.42 | 267,793.52 | 441,091.00 | 369,974.00 | 504,892.32 | 307,846.00 | 149,334.12 |
| Dr. Martin Luther King School | N/A | 114,195.00 | 313,646.00 | 408,188.00 | 381,357.93 | 405,562.87 | 251,337.00 | 357,531.00 | 497,383.61 | 230,885.00 | 112,000.83 |
| New Jersey Avenue | N/A | 91,986.00 | 349,401.00 | 96,699.00 | 132,207.37 | 173,821.77 | 123,966.00 | | 675.43 | 230,885.00 | 112,000.83 |
| Indiana Avenue | N/A | 36,389.00 | 161,405.00 | 205,962.00 | 263,490.43 | 183,847.77 | 176,636.00 | 231,516.00 | 126,002.24 | 192,404.00 | 93,333.95 |
| Brighton Avenue | N/A | 39,088.00 | 172,908.00 | 430,383.00 | 312,316.94 | 121,858.85 | 66,060.00 | 98,000.00 | 232,167.16 | 153,923.00 | 74,667.06 |
| Richmond Avenue | N/A | 139,499.00 | 173,006.00 | 166,428.00 | 70,599.21 | 6,012.28 | 96,879.00 | 175,937.00 | 79,871.54 | 307,846.00 | 149,334.12 |
| Chelsea Heights | N/A | 102,126.00 | 229,931.00 | 308,801.00 | 244,309.29 | 201,788.39 | 149,203.00 | 197,107.00 | 187,335.74 | 76,962.00 | 37,333.77 |
| Pennsylvania Avenue | N/A | | | | | | | 66,480.00 | 90,752.56 | 269,365.00 | 130,667.24 |
| Maintenance | N/A | | | | | | | | | | |
| Administration Building | N/A | | | | | | | | | | |
| Ohio Avenue | N/A | | | | | | | | | | |
| New York | N/A | 71,482.00 | 194,516.00 | 577,883.00 | 180,158.90 | 162,458.68 | 196,642.00 | 242,245.00 | 362,997.35 | 269,365.00 | 130,667.24 |
| Sovereign Avenue | N/A | 31,735.00 | 174,055.00 | 321,620.00 | 243,112.59 | 227,248.14 | 230,969.00 | 179,810.00 | 155,245.59 | 269,365.00 | 130,667.24 |
| Venice Park | N/A | 30,447.00 | 68,172.00 | 99,630.00 | 69,884.41 | 98,786.31 | 38,121.00 | 53,120.00 | 29,818.84 | 38,481.00 | 18,666.89 |
| Total School Facilities | N/A | <u>1,311,550.00</u> | <u>4,245,926.00</u> | <u>4,421,782.00</u> | <u>3,310,867.89</u> | <u>3,116,625.01</u> | <u>3,752,516.00</u> | <u>3,337,177.00</u> | <u>4,226,853.15</u> | <u>3,848,078.00</u> | <u>1,866,677.98</u> |
| Other Facilities | N/A | 17,492.00 | 250,729.00 | 154,474.00 | 68,180.20 | 120,309.80 | - | 100,000.00 | 242,186.00 | - | - |
| Grand Total | N/A | <u>\$ 1,329,042.00</u> | <u>\$ 4,496,655.00</u> | <u>\$ 4,576,256.00</u> | <u>\$ 3,379,048.09</u> | <u>\$ 3,236,934.81</u> | <u>\$ 3,752,516.00</u> | <u>\$ 3,437,177.00</u> | <u>\$ 4,469,039.15</u> | <u>\$ 3,848,078.00</u> | <u>\$ 1,866,677.98</u> |

Source: District Records

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Exhibit J-20

| Company | Type of Coverage | Amount of Coverage | Deductible |
|--|---|--------------------|----------------|
| Multi - peril policy expiring July 1, 2016 with New Jersey School Boards Association Insurance Group providing the following coverage: | | | |
| | Property | | |
| | Real and Personal Property | 400,000,000 | 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 | 25,000,000 | |
| | Loss of Business Income / Tuition | 2,100,000 | |
| | Flood - Zone A & V | 20,000,000 | 500,000 |
| | All other Zones | 10,000 | per occurrence |
| | Special Flood Hazard Area | 500,000 | per building |
| | | 500,000 | per member |
| | Fire Department Service Charge | 10,000 | |
| | Arson Reward | 10,000 | |
| | Pollutant Cleanup & Removal | 250,000 | |
| | Terrorism - each Occurrence | 1,000,000 | |
| | Accounts Receivable | 250,000 | per occurrence |
| | 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 |
| | Business Income | Included | |
| | 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 |
| | Crime | | |
| | Public Employees Dishonesty with Faithful Performance | 250,000 | 1,000 |
| | Theft Disappearance and Destruction - Loss of Money & Securities On or Off Premises | 10,000 | 500 |
| | Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency | 10,000 | 500 |
| | Forgery or Alteration | 250,000 | 1,000 |
| | Computer Fraud | 250,000 | 1,000 |
| | Board Secretary | 75,000 | 1,000 |
| | Treasurer | 600,000 | 1,000 |
| | Business Administrator | 225,000 | 1,000 |

Source: District Records

Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atlantic City School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Atlantic City School District's basic financial statements, and have issued our report thereon dated October 21, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Atlantic City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

October 21, 2016



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

Report on Compliance for Each Major Federal & State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Atlantic City School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Uniform Guidance and NJ OMB 15-08. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Atlantic City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Atlantic City School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Atlantic City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs as identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned costs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the City of Atlantic City School District's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Atlantic City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Atlantic City School District's internal control over compliance.

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

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

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

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

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

October 21, 2016

CITY OF ATLANTIC CITY SCHOOL DISTRICT
Statement of Financial Performance
for the Fiscal Year ended June 30, 2016

| State Grants/Program Title | Grant or State Project Number | Program or Amount | Grant Period | | Balance at June 30, 2014 | | Cash Received | Budgetary Expenditures | Adjustments / Repayment of prior Balances | Balance at June 30, 2015 | | Due to Grantor | MEMO |
|---|-------------------------------|-------------------|--------------|-----------|--|---------------------|-----------------|------------------------|---|--------------------------|----------------------|----------------|-----------------|
| | | | From | To | Deferred Revenue (Accounts Receivable) | Accounts Receivable | | | | Deferred Payable | Budgetary Receivable | | |
| State Department of Education | | | | | | | | | | | | | |
| Categorical Special Education Aid | 16-495-034-5120-069 | \$ 3,607,799 | 7/1/2015 | 6/30/2016 | \$ - | \$ - | \$ 3,314,874.00 | \$ (3,607,799.00) | \$ - | \$ - | \$ (292,925.00) | \$ - | \$ 3,607,799.00 |
| Categorical Security Aid | 16-495-034-5120-064 | 2,474,835 | 7/1/2015 | 6/30/2016 | - | - | 2,300,427.00 | (2,474,835.00) | - | - | (174,408.00) | - | 2,474,835.00 |
| Equalization Aid | 16-495-034-5120-078 | 2,353,506 | 7/1/2015 | 6/30/2016 | - | - | 2,144,043.00 | (2,353,506.00) | - | - | (189,463.00) | - | 2,353,506.00 |
| Adjustment Aid | 16-495-034-5120-085 | 7,791,462 | 7/1/2015 | 6/30/2016 | - | - | 7,194,462.00 | (7,791,462.00) | - | - | (597,000.00) | - | 7,791,462.00 |
| School Choice Aid | 16-495-034-5120-068 | 297,941 | 7/1/2015 | 6/30/2016 | - | - | 298,988.00 | (297,941.00) | - | - | (20,943.00) | - | 297,941.00 |
| PARCC Readiness Aid | 16-495-034-5120-098 | 67,870 | 7/1/2015 | 6/30/2016 | - | - | 62,359.00 | (67,870.00) | - | - | (5,511.00) | - | 67,870.00 |
| Per Pupil Growth Aid | 16-495-034-5120-097 | 67,870 | 7/1/2015 | 6/30/2016 | - | - | 62,359.00 | (67,870.00) | - | - | (5,511.00) | - | 67,870.00 |
| Subtotal State Aid - Public | | | | | | | 15,315,437.00 | (16,601,252.00) | | | (1,285,815.00) | | 19,601,283.00 |
| Categorical Transportation Aid | 16-495-034-5120-014 | 1,236,828 | 7/1/2015 | 6/30/2016 | - | - | 1,136,407.00 | (1,236,828.00) | - | - | (100,421.00) | - | 1,236,828.00 |
| Additional Non Public Transportation Aid | N/A | 6,612 | 7/1/2015 | 6/30/2016 | - | - | 7,996.00 | (6,612.00) | - | - | (6,612.00) | - | 6,612.00 |
| Additional Non Public Transportation Aid | N/A | 14,889 | 7/1/2014 | 6/30/2015 | - | - | - | - | - | - | - | - | 14,889.00 |
| Extraordinary Aid | 16-495-034-5120-473 | 89,546 | 7/1/2015 | 6/30/2016 | - | - | 285,439.00 | (89,546.00) | - | - | (89,546.00) | - | 89,546.00 |
| Extraordinary Aid | 15-495-034-5120-473 | 285,439 | 7/1/2014 | 6/30/2015 | - | - | - | - | - | - | - | - | 285,439.00 |
| Reimbursed TPAF Social Security Contributions | 16-495-034-5095-002 | 4,618,526 | 7/1/2015 | 6/30/2016 | - | - | 4,692,853.30 | (4,618,526.65) | - | - | (15,672.35) | - | 4,618,526.65 |
| Reimbursed TPAF Social Security Contributions | 15-495-034-5095-002 | 5,170,482 | 7/1/2014 | 6/30/2015 | - | - | 19,532.81 | (19,532.81) | - | - | - | - | 5,170,482.00 |
| Total General Fund | | | | | | | 21,367,665.11 | (22,552,744.65) | | | (1,185,079.54) | | 20,029,840.95 |
| Special Revenue Fund: | | | | | | | | | | | | | |
| Preschool Education Aid | 16-495-034-5120-086 | 3,299,360 | 7/1/2015 | 6/30/2016 | - | - | 2,969,624.00 | (3,090,229.00) | - | - | 898,210.31 | - | 3,299,360.00 |
| Preschool Education Aid | 15-495-034-5120-086 | 3,037,352 | 7/1/2014 | 6/30/2015 | - | - | 789,079.31 | (789,079.31) | - | - | - | - | 3,037,352.00 |
| N.J. Nonschool Aid: | | | | | | | | | | | | | |
| Nursing | 16-100-034-5120-070 | 14,040 | 7/1/2015 | 6/30/2016 | - | - | 14,040.00 | (14,040.00) | - | - | - | - | 14,040.00 |
| Textbook Aid | 16-100-034-5120-064 | 17,816 | 7/1/2015 | 6/30/2016 | - | - | 17,816.00 | (8,834.78) | (1,521) | - | - | 71.70 | 8,834.78 |
| Textbook Aid | 15-100-034-5120-064 | 9,889 | 7/1/2014 | 6/30/2015 | - | - | - | - | (33,481) | - | - | - | 9,889.00 |
| Technical Aid | 16-100-034-5120-373 | 4,056 | 7/1/2015 | 6/30/2016 | - | - | 4,056.00 | (3,353.00) | (700.00) | - | - | - | 4,056.00 |
| Technical Aid | 15-100-034-5120-373 | 5,312 | 7/1/2014 | 6/30/2015 | - | - | - | - | (120.00) | - | - | - | 5,312.00 |
| Security Aid | 16-100-034-5120-509 | 3,900 | 7/1/2015 | 6/30/2016 | - | - | 3,900.00 | (3,900.00) | - | - | - | - | 3,900.00 |
| Auxiliary Services: | | | | | | | | | | | | | |
| Compensatory Education | 16-100-034-5120-067 | 37,225 | 7/1/2015 | 6/30/2016 | - | - | 37,225.00 | (35,866.00) | - | - | 1,359.00 | - | 37,225.00 |
| Compensatory Education | 15-100-034-5120-067 | 25,982 | 7/1/2014 | 6/30/2015 | - | - | - | - | - | - | - | - | 25,982.00 |
| ESL | 16-100-034-5120-067 | 8,628 | 7/1/2015 | 6/30/2016 | - | - | 8,628.00 | (8,302.40) | - | - | 325.60 | - | 8,628.00 |
| Handicapped Services: | | | | | | | | | | | | | |
| Examination & Classification | 16-100-034-5120-066 | 24,542 | 7/1/2015 | 6/30/2016 | - | - | 24,542.00 | (6,656.25) | - | - | 17,885.75 | - | 6,656.25 |
| Examination & Classification | 15-100-034-5120-066 | 14,213 | 7/1/2015 | 6/30/2016 | - | - | 14,213.00 | (2,906.25) | - | - | 11,286.75 | - | 14,213.00 |
| Total Special Revenue Fund | | | | | | | 3,093,844.00 | (3,162,712.66) | (155.00) | - | 997,118.31 | - | 6,455,535.55 |
| Debt Service Fund: | | | | | | | | | | | | | |
| Debt Service Aid | 16-495-034-5120-017 | 807,101 | 7/1/2015 | 6/30/2016 | - | - | 807,101.00 | (807,101.00) | - | - | - | - | 807,101.00 |
| Debt Service Aid | | | | | | | | | | | | | |
| Total Debt Service Fund | | | | | | | 807,101.00 | (807,101.00) | - | - | - | - | 807,101.00 |
| State Department of Agriculture: | | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 16-100-010-5360-023 | 54,233 | 7/1/2015 | 6/30/2016 | - | - | 39,000.20 | (54,232.33) | - | - | (15,232.13) | - | 54,232.33 |
| National School Lunch Program (State Share) | 15-100-010-5360-023 | 53,795 | 7/1/2014 | 6/30/2015 | - | - | 9,888.14 | - | - | - | - | - | 53,794.86 |
| Total Enterprise Fund | | | | | | | 48,888.34 | (54,232.33) | - | - | (15,232.73) | - | 169,027.79 |
| Total State Financial Assistance | | | | | | | 25,317,898.65 | (26,576,941.26) | (155.00) | - | 397,118.31 | - | 39,984,068.99 |

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

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE ASSISTANCE
JUNE 30, 2016**

NOTE 1 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include 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 and state awards received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules of federal awards and state 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 and those in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's basic financial statements. The information included in this schedule is presented in accordance with the requirements of OMB Uniform Guidance and NJ OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

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 the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(16,469.20) for the general fund and \$0 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>Local Grants</u> | <u>TPAF Pension</u> | <u>Total</u> |
|----------------------|-------------------------|-------------------------|---------------------|---------------------------|-------------------------|
| General Fund | \$ 329,887.55 | \$ 34,551,786.45 | \$ | \$ (12,015,461.00) | \$ 22,866,213.00 |
| Special Revenue Fund | 9,023,835.99 | 3,162,712.68 | 10,143.31 | | 12,196,691.98 |
| Debt Service Fund | - | 807,101.00 | | | 807,101.00 |
| Food Service Fund | 5,884,543.35 | 54,232.93 | | | 5,938,776.28 |
| | <u>\$ 15,238,266.89</u> | <u>\$ 38,575,833.06</u> | <u>\$ 10,143.31</u> | <u>\$ (12,015,461.00)</u> | <u>\$ 41,808,782.26</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
FEDERAL AWARDS AND STATE ASSISTANCE
JUNE 30, 2016
(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, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

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 QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2016**

I. SUMMARY OF AUDITORS RESULTS

Financial Statements

| | |
|---|---|
| Type of auditor's report issued: | Unmodified Opinion issued on the Basic Financial Statements |
| Internal control over financial reporting: | |
| 1) Material weakness identified? | No noted |
| 2) Significant deficiencies identified? | None noted |
| Noncompliance material to basic financial Statements noted? | None noted |

Federal Awards

| | |
|--|---|
| Internal control over major programs: | |
| 1) Material weakness identified? | None noted |
| 2) Significant deficiencies identified? | None noted |
| Type of auditor's report issued on compliance for major programs: | An Unmodified Opinion was issued on compliance for major programs |
| Any audit findings disclosed that are required to be reported In accordance with Uniform Guidance? | None noted |

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|--|
| <u>Title I</u> | |
| 84.010 | Title I – Grants to Local Educational Agencies |

Preschool Development Grant

| | |
|--------|------------------------------|
| 84.419 | Preschool Development Grants |
|--------|------------------------------|

| | |
|--|--------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000.00 |
|--|--------------|

| | |
|--|-----|
| Auditee qualified as low-risk auditee? | Yes |
|--|-----|

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDING JUNE 30, 2016
 (CONTINUED)**

I. SUMMARY OF AUDITORS RESULTS - Continued

State Awards

| | |
|--|---|
| Dollar threshold used to distinguish between type A and Type B Programs: | \$797,305.00 |
| Auditee qualified as low-risk auditee? | Yes |
| Type of auditor's report issued on compliance for major programs: | An Unmodified 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 15-08? | No |

Identification of major programs:

| <u>GMIS Numbers</u> | <u>Name of State Program</u> |
|--|-------------------------------------|
| <u>State Aid Public Cluster of Programs</u> | |
| 495-034-5120-078 | Equalization Aid |
| 495-034-5120-089 | Special Education Aid |
| 495-034-5120-084 | Security Aid |
| 495-034-5120-085 | Adjustment Aid |
| 495-034-5120-068 | School Choice Aid |
| 495-034-5120-097 | Per Pupil Growth Aid |
| 495-034-5120-098 | PARCC Readiness |
| | |
| 495-034-5120-075 | Debt Service Aid |

**CITY OF ATLANTIC CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2016
(CONTINUED)**

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

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

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

Federal:

Our audit disclosed no material Findings or Questioned Costs.

State:

Our audit disclosed no material Findings or Questioned Costs.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.

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