

SCHOOL DISTRICT  
OF  
**CITY OF MARGATE**

Margate City Board of Education  
Margate, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009



# **Comprehensive Annual Financial Report**

of the

Margate City Board of Education

Margate, New Jersey

For the Fiscal Year Ended June 30, 2009

Prepared by

Margate City Board of Education

Finance Department



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## **Introductory Section**

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DR. THERESA DEFRANCO  
SUPERINTENDENT OF SCHOOLS

# Margate City School District

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

October 16, 2009

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

Dear Board Members:

The comprehensive annual financial report of the City of Margate School District (District) for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical tables include selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Amendments of 1996 and State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The City of Margate School District is a component unit of the City of Margate within the criteria set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The City of Margate Board of Education and all its schools constitute the District's reporting entity. The School District is a

Type I District and, as such, meets the criteria to be considered a component unit of the City of Margate. However, the City reports on a regulatory basis of accounting which does not recognize component units.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2008-2009 fiscal year with an enrollment of 609 students, which is 61 students higher than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last five years.

<b>Fiscal</b>	<b>Average Daily</b>	<b>Percent</b>
<b><u>Year</u></b>	<b><u>Enrollment</u></b>	<b><u>Change</u></b>
2008-2009	588	8.75%
2007-2008	541	(5.31%)
2006-2007	571	(2.23%)
2005-2006	584	2.10%
2004-2005	572	(2.56%)

**2) ECONOMIC CONDITION AND OUTLOOK:** Margate City and Longport are New Jersey seashore communities whose children, in grades Pre K through eight, constitute the student population of the Margate City School District. Margate City is located approximately two miles south of Atlantic City, and approximately 50 miles east of Philadelphia. The City of Margate, which measures approximately a mile and three-quarters in length by three quarters of mile in width, is located on Absecon Island and has a year-round population of about 8,000 middle to upper middle-class residents. More specifically, Margate City is bounded on the northeast by Ventnor City, on the southwest by the Borough of Longport, on the southeast by the Atlantic Ocean, and on the northwest by the center line of the main channel in Beach Thorofare. The major employer in this area is the casino industry. Several existing properties are currently involved in major renovations to their hotels and casinos, and the construction of several new casinos is proposed for the near future. This growth will have a positive impact on the City of Margate and the School District.

The City of Margate is governed by a three-person Board of Commissioners, elected at large every four years. They govern a City that is almost entirely residential, whose year-round population of 8,000 swells to approximately 40,000 during the summer months. The year-round residents have established six houses of worship that rather accurately reflect the ethnic/religious composition of the community. Of the six houses of worship, three are Jewish, two are Protestant, and one is Catholic. Residents are also affiliated with approximately 15 civic and service organizations.

The Public School System of Margate City is composed of PreK-8 grade children, who reside in the City of Margate and the Borough of Longport. As of October 15, 2008, there were a total of 604 pupils. Upon completion of eighth grade, the students attend nearby Atlantic City High School, which currently enrolls approximately 140 Margate pupils in grades 9 through 12. This

is a sending-receiving relationship between the school districts in which Margate is responsible for paying student tuition and providing student transportation.

The overall responsibility for the education of the K-8 children lies with the district's board of education composed of seven members, appointed by the mayor for a term of three years. The district's budget is approved annually by a Board of School Estimates which works closely with both City and school officials. For the 2009-10 school year, the District will operate on a budget of \$13,871,902 for current expenses.

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

Margate City District pupils are housed in three separate facilities: the Union Avenue Elementary School built in 1953, the Eugene A. Tighe Middle School constructed in 1956, and the William H. Ross III Intermediate School constructed in 2000. As a result of a 24 million dollar addition and renovation project and new school construction in 1999, all schools have been upgraded to enhance the educational environment. The William H. Ross III site houses the district administrative offices and grades 3-5. The Eugene A. Tighe School houses grades 6-8. The Union Avenue School, which houses grades PreK-2, is self-contained. Each building is serviced by special area teachers for performing arts, health, art, physical education, computer/technology, and a media center. In addition, a Child Study Team is available for children with special needs. The team consists of a school psychologist, social worker, learning disabilities consultant, and speech therapists.

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

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

1. Pre-school program for all three and four year old children.
2. Full day kindergarten program for all children.
3. World language instruction for all children.
4. Computer assisted instruction for all children.
5. Title 1 services for mathematics and reading in grades K-5.
6. Social services that include the DARE program, the Banana Splits program, and REBEL II.
7. Computer assisted research services in the Media Centers.
8. A variety of Community Education and Recreation programs for the entire community.
9. Programs in Family Mathematics, Family Science, and Family Computers.
10. Programs in Language Arts, Literature and Science for the Gifted and Talented

11. A full range of Child Study Team services.
12. Visual and performing arts program for all students

The Margate Board of Education, administration, faculty, and support staff is dedicated to provide each child with a challenging and rewarding educational program that will meet each individual's needs.

**3) MAJOR INITIATIVES:** The district has several major initiatives for the 2009-2010 school year. These initiatives include:

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

The district has maximized instructional time for students with the implementation of extended learning blocks in literacy and mathematics. Push-in support (inclusion) and co-teaching provide differentiated learning opportunities for all students and ensure academic rigor in all classrooms. The literacy program is supported through a literacy coach trained in balanced literacy at Lesley University. Professional Development for teachers was also provided through Lesley University.

The district's STEM (Science Technology, Engineering & Mathematics) initiative provides students the opportunity to participate in an inquiry-based, exploratory learning collaborative project. Training and support for STEM is provided by a partnership with Steven's University. The year long projects culminate with a STEM exhibit of students' work.

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

For the 2009-2010 school year the district will focus on revising the science and performing arts curriculum to meet the revised NJCCC standards.

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

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are

compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District management.

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the board of school estimates of the municipality. Annual appropriated budgets are adopted for the general and special revenue funds. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2008.

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

**7) DEBT ADMINISTRATION:** At June 30, 2009, the District had no outstanding debt issues. Debt in the amount of \$14,165,000 has been authorized by the City of Margate for the school construction project. As a Type I School District, all school debt is borne by the City rather than the School District.

**8) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan that indicates the GUDPA approved depository banks, any brokers/dealers, and the approved investment instruments selected by the Board of Education. GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. School Districts are permitted to invest public funds in bonds or other obligations of the United States, bonds or other obligations of the local unit, government money market mutual funds, New Jersey State Cash Management Fund, and repurchase agreements.

**9) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

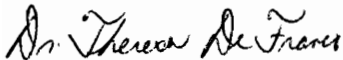
**10) OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Swartz & Co., LLC, CPAs was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Amendments of 1996 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGMENTS:**

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

Respectfully submitted,



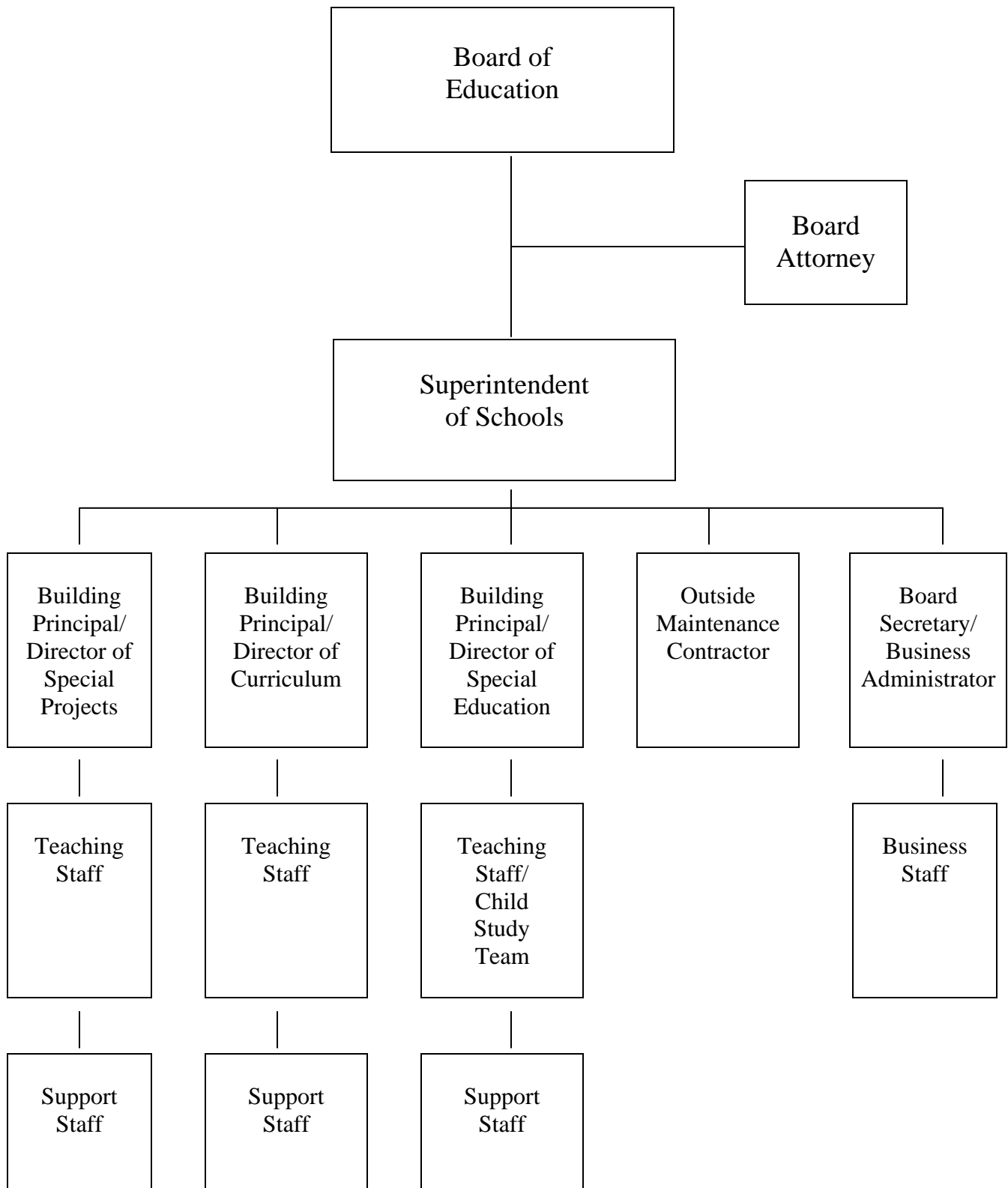
Dr. Theresa DeFranco  
Superintendent



Susan E. Palaia, CPA  
Board Secretary/Business Administrator



# City of Margate Board of Education Organization Chart



**CITY OF MARGATE BOARD OF EDUCATION**

**MARGATE, NEW JERSEY**

**ROSTER OF OFFICIALS**

June 30, 2009

<b><u>Members of the Board of Education</u></b>		<b><u>Term Expires</u></b>
Robert Fiedler, President	resigned 7/22/09	2012
Christopher Storcella, Vice-President	President effective 8/12/09	2012
Linda Levitt - Doyle	Vice-President effective 8/12/09	2010
Brad Jacobson		2012
Christopher Koch, Sr.		2011
Joanne Kulzer		2010
Sandra Perskie		2011
J. B. (Jacob) Sless, Esq.	effective 7/22/09	2012

**Other Officials**

Dr. Dominick A. Potena, Superintendent (through June 30, 2009)

Dr. Theresa DeFranco, Superintendent (effective July 1, 2009)

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

Thomas D. Hiltner, Treasurer

Augustine Repetto, Esq., Solicitor

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

**Audit Firm**

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

**Attorney**

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

**Official Depository**

Ocean City Home Bank  
1777 New Road  
Linwood, New Jersey 08221

Cape Savings Bank  
225 N. Main Street  
Cape May Court House, New Jersey 08210

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## **Financial Section**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the City of Margate School District in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Margate Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Margate Board of Education, in the County of Atlantic, State of New Jersey, as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2009 on our consideration of the City of Margate Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Robert E. Swartz, CPA*

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

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

October 16, 2009



**Required Supplemental Information**  
**Part I**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Margate City School District's ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

### FINANCIAL HIGHLIGHTS

- The net assets of the District decreased \$1,372,066 as a result of depreciation taken on the various fixed assets of the district.
- The State of New Jersey reimbursed the District \$352,036 during the fiscal year ended June 30, 2009 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. Also, the State of New Jersey paid \$301,633 on behalf of the District for TPAF Pension Contributions. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2009 the District had \$1,393,053 in excess surplus, of which \$1,217,997 has been appropriated and included as anticipated revenue in the 2010 fiscal year budget. This is compared to the prior year excess surplus of \$2,203,128, of which \$985,131 was budgeted in the 2009 fiscal year. Through the 2009 fiscal year budget process the District established a Maintenance Reserve Fund and an Emergency Reserve Fund in the amount of \$25,000 and \$250,000, respectively.
- During the fiscal year ended June 30, 2009, the District's revenues were \$170,809 less than total expenditures. During the prior fiscal year, revenue exceeded expenditures by \$479,033.
- In the District's business-type activities, net assets increased \$94,047.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.

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

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

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

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

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service, Summer Center Stage/Recreation, Performing Arts and Latchkey	Instances in which the District is the trustee or agent for someone else’s resources, such as payroll agency and student activities.

Required financial statements	Statement of net assets	Balance sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of net assets  Statement of revenues, expenses, and changes in net assets  Statement of cash flows	Statement of fiduciary net assets  Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

## Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's food service, summer center stage/recreation, performing arts, and latchkey are included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.

- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District’s *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for its employees’ unemployment compensation plan. It is also responsible for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net assets.** The District’s governmental activities net assets decreased between fiscal years 2009 and 2008 as a result of an overall increase in salaries, tuition, and health benefits. The business-type activities net assets increased due to a decrease in salaries and other expenses to operate the programs. The financial condition of the District, excluding depreciation expense, improved during the 2009 fiscal year.

	<u>Govern- mental Activities</u>	<u>Business- type Activities</u>	<u>Total June 30, 2009</u>	<u>Govern- mental Activities</u>	<u>Business- type Activities</u>	<u>Total June 30, 2008</u>
Current and other assets	2,801,928	93,647	2,895,575	2,797,153	29,225	2,826,378
Capital assets	22,140,761		22,140,761	22,034,346	480	22,034,826
<b>Total assets</b>	<b>24,942,689</b>	<b>93,647</b>	<b>25,036,336</b>	<b>24,831,499</b>	<b>29,705</b>	<b>24,861,204</b>
Long-term liab.	1,384,264	28,493	1,412,757	1,067,034	25,600	1,092,634
Other liabilities	310,804	36,426	347,230	96,426	69,424	165,850
<b>Total liabilities</b>	<b>1,695,068</b>	<b>64,919</b>	<b>1,759,987</b>	<b>1,163,460</b>	<b>95,024</b>	<b>1,258,484</b>
Net assets						
Invested in Capital assets	22,140,761		22,140,761	22,034,346	480	22,034,826
Restricted	2,283,403		2,283,403	2,476,616		2,476,616
Unrestricted	(1,176,543)	28,728	(1,147,815)	(842,923)	(65,799)	(908,722)
<b>Total net assets</b>	<b>23,247,621</b>	<b>28,728</b>	<b>23,276,349</b>	<b>23,668,038</b>	<b>(65,319)</b>	<b>23,602,720</b>

Net assets of the district decreased due to continued depreciation taken on the district’s property and equipment.

As required by New Jersey Statutes, the unrestricted net assets of the District are not permitted to exceed 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security and assets acquired under capital leases. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2009, the District did have \$1,668,053 in excess fund balance, of which \$1,217,997 has been appropriated and included as anticipated revenue in the 2010 fiscal year budget.

**Changes in net assets.** The total revenue of the District decreased \$529,985 due to decreases in state aid, including on-behalf TPAF pension contributions, state aid and other revenues. These decreases were offset by an increase in tuition revenue. Also, the local tax levy and reimbursed TPAF social security contributions remained consistent with the prior year.

Approximately 6.98% of the District's revenue comes from the State of New Jersey in the form of nonrestricted state aid. This aid is based on the District's enrollment as well as other factors such as growth in the City. The City of Margate levies property taxes on properties located in the city. This tax is remitted to the District on a monthly basis. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>6/30/09</u>	<u>Percentage</u>	<u>6/30/08</u>	<u>Percentage</u>
Property taxes	10,173,118	78.20%	10,173,118	75.14%
Unrestricted State aid	907,965	6.98%	914,371	6.75%
Tuition	921,101	7.08%	822,310	6.07%
Operating grants and Contributions	962,558	7.40%	1,470,246	10.86%
Other	44,249	0.34%	158,931	1.18%
<b>Totals</b>	<b>13,008,991</b>	<b>100.00%</b>	<b>13,538,976</b>	<b>100.00%</b>

**Governmental & Business-Type Activities**

The following schedule summarizes the governmental and business-type activities of the District during the 2009 and 2008 fiscal years.



	<u>Gov- Mental Activities</u>	<u>Business- Type Activities</u>	<u>Total 6/30/09</u>	<u>Gov- mental Activities</u>	<u>Business- type Activities</u>	<u>Total 6/30/08</u>
<b>Revenues</b>						
Program revenue						
Charges for srvs	921,101	730,269	1,651,370	822,310	277,727	1,100,037
Grants & entitle.						
Federal	238,203	20,006	258,209	275,066	18,377	293,443
State	653,670	958	654,628	1,096,357	937	1,097,294
Local	70,685		70,685	98,823		98,823
General revenues						
Property taxes	10,173,118		10,173,118	10,173,118		10,173,118
State aid entitle.	907,965		907,965	914,371		914,371
Other	44,249	145	44,394	158,931	198	159,129
<b>Total revenues</b>	<b>13,008,991</b>	<b>751,378</b>	<b>13,760,369</b>	<b>13,538,976</b>	<b>297,239</b>	<b>13,836,215</b>
<b>Expenses</b>						
Instruction:						
Regular	4,874,371		4,874,371	4,643,440		4,643,440
Special education	488,094		488,094	458,167		458,167
Other special inst.	285,220		285,220	280,168		280,168
Other instruction	84,001		84,001	447,281		447,281
Nonpublic prgms	0		0	55,575		55,575
Support services:						
Tuition	3,692,629		3,692,629	3,334,576		3,334,576
Student & instr related services	1,684,932		1,684,932	1,506,205		1,506,205
School admin	308,039		308,039	306,158		306,158
srvcs						
General and bus admin srvc	802,587		802,587	698,942		698,942
Plant operations & maintenance	1,627,141		1,627,141	1,894,325		1,894,325
Pupil transportation	425,262		425,262	364,106		364,106
Business-type act		769,944	769,944		402,810	402,810
<b>Total expenses</b>	<b>14,272,276</b>	<b>769,944</b>	<b>15,042,220</b>	<b>13,988,943</b>	<b>402,810</b>	<b>14,391,753</b>
(Deficiency before Special items & Transfers)	(1,263,285)	(18,566)	(1,281,851)	(449,967)	(105,571)	(555,538)
Special items	3,832		3,832			
Transfers	(112,613)	112,613	0	(111,042)	111,042	0
<b>Increase/(decrease) in net assets</b>	<b>(1,372,066)</b>	<b>94,047</b>	<b>(1,278,019)</b>	<b>(561,009)</b>	<b>5,471</b>	<b>(555,538)</b>

## **Business-type Activities**

Revenues of the District's business-type activities increased 91.14% to \$769,944 as a result of increased participation in the community service activities, in particular, recreation trips, summer center stage and the performing arts center. Expenses increased due to additional payroll costs associated with the community programs, especially in recreation.

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

As of the year end, the governmental funds reported a combined fund balance of \$2,491,124 which is \$209,603 lower than the beginning of the year. This decrease is due mainly to the decrease in state aid awarded to the district during the fiscal year. Also, the District continues to monitor spending on an ongoing basis to ensure they stay within the budget.

The District did not enter into any debt obligations during the fiscal year. Any projects or debt is approved by the City of Margate and would be a direct obligation of the City.

## **General Fund Budgetary Highlights**

As further explained in the Footnotes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type I School District, are approved by the Board of School Estimate. Transfers of appropriations may be made by Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the board and under certain circumstances require approval by the County Superintendent of Schools. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30<sup>th</sup> carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, which are not budgeted, the District's actual revenue exceeded the budget by \$8,894. This is a result of additional tuition being received during the year from other local school districts, as well as additional formula aid awarded by the State. These increases were offset by a decrease in miscellaneous revenue. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual expenditures were below the budgeted appropriations by \$1,105,417. This is the result of good controls over spending throughout the year, as well as appropriation refunds, mainly due to the sale of solar units. Audit exhibit C-1 does not include current year depreciation expense.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

During the 2009 fiscal year, the District did not invest in any significant capital assets or projects. The 0.48% increase is mainly due to the acquisition of various items of equipment offset by depreciation on the various property and equipment owned by the district.

	<b><u>Govern- mental Activities</u></b>	<b><u>Business- type Activities</u></b>	<b><u>Total 6/30/09</u></b>	<b><u>Govern- Mental Activities</u></b>	<b><u>Business- type Activities</u></b>	<b><u>Total 6/30/08</u></b>
Land	1,756,541		1,756,541	1,756,541		1,756,541
Buildings& Building Improve.	20,150,769		20,150,769	20,008,433		20,008,433
Mach. & equipment	233,451		233,451	269,372	480	269,852
<b>Total</b>	<b>22,140,761</b>	<b>0</b>	<b>22,140,761</b>	<b>22,034,346</b>	<b>480</b>	<b>22,034,826</b>

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

### Long-term Debt

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

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

The District budget for the 2010 fiscal year includes very little expansion for equipment acquisitions. Also, appropriations budgeted are increased 2.32% due to increased salaries, health benefit and tuition costs.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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**DISTRICT - WIDE FINANCIAL STATEMENTS**

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**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Net Assets**  
**June 30, 2009**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$2,636,650	31,784	2,668,434
Other accounts receivable	14,972		14,972
Receivables from other governments	150,306	48,009	198,315
Prepaid expenses		12,116	12,116
Inventory		1,738	1,738
Capital assets not being depreciated			
Land	1,756,541		1,756,541
Capital assets, net of accumulated depreciation	20,384,220	0	20,384,220
Total Assets	<u>24,942,689</u>	<u>93,647</u>	<u>25,036,336</u>
<b>LIABILITIES</b>			
Accounts payable	268,691	27,026	295,717
Intergovernmental accounts payable	9,514		9,514
Cash deficit	16,398		16,398
Deferred revenue	16,201	9,400	25,601
Noncurrent liabilities:			
Due within one year	283,292		283,292
Due beyond one year	1,100,972	28,493	1,129,465
Total liabilities	<u>1,695,068</u>	<u>64,919</u>	<u>1,759,987</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	22,140,761	0	22,140,761
Restricted for:			
Other purposes	2,283,403		2,283,403
Unrestricted	(1,176,543)	28,728	(1,147,815)
Total net assets	<u>\$23,247,621</u>	<u>28,728</u>	<u>23,276,349</u>

See accompanying notes to the financial statements

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Activities**  
**For the Year Ended June 30, 2009**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
Instruction:								
Regular	3,852,548	1,021,824	921,101	432,409	(3,520,862)		(3,520,862)	
Special education	377,386	110,708		22,738	(465,356)		(465,356)	
Other special instruction	221,675	63,545		13,052	(272,168)		(272,168)	
Other instruction	61,018	22,983		4,720	(79,281)		(79,281)	
Support services:								
Tuition	2,878,107	814,522		167,294	(3,525,335)		(3,525,335)	
Student & instruction related services	1,311,368	373,564		163,076	(1,521,856)		(1,521,856)	
School administrative services	240,961	67,078		13,777	(294,262)		(294,262)	
General and business administrative services	611,383	173,015		35,536	(748,862)		(748,862)	
Administrative Information Technology	14,228	3,960		813	(17,375)		(17,375)	
Plant operations and maintenance	1,188,993	438,148		89,991	(1,537,150)		(1,537,150)	
Pupil transportation	332,016	93,246		19,152	(406,110)		(406,110)	
Capital outlay	42,769	(42,769)		0	0		0	
Unallocated benefits	2,256,619	(2,256,619)						
Unallocated depreciation	883,205	(883,205)						
Total governmental activities	14,272,276	0	921,101	962,558	(12,388,617)	0	(12,388,617)	
Business-type activities:								
Food Service	167,474		29,283	20,964		(117,227)	(117,227)	
Community Service Programs	602,470		700,986			98,516	98,516	
Total business-type activities	769,944	0	730,269	20,964		(18,711)	(18,711)	
Total government	15,042,220	0	1,651,370	983,522	(12,388,617)	(18,711)	(12,407,328)	
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net					10,173,118		10,173,118	
Federal and State aid not restricted					907,965		907,965	
Investment Earnings					40,293	145	40,438	
Miscellaneous Income					3,956		3,956	
Special item:								
Adjustment for prior year encumbrances					3,731		3,731	
Cancellation of prior year purchase orders					101		101	
Transfers					(112,613)	112,613	0	
Total general revenues and transfers					11,016,551	112,758	11,129,309	
Change in Net Assets					(1,372,066)	94,047	(1,278,019)	
Net Assets—beginning					24,619,687	(65,319)	24,554,368	
Net Assets—ending					\$23,247,621	28,728	23,276,349	

See accompanying notes to the financial statements



**FUND FINANCIAL STATEMENTS**

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**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$2,636,650		2,636,650
Other accounts receivable	5,480	9,492	14,972
Receivables from other governments	118,340	31,966	150,306
Total assets	<u>2,760,470</u>	<u>41,458</u>	<u>2,801,928</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	262,346	6,345	268,691
Intergovernmental accounts payable		9,514	9,514
Cash deficit		16,398	16,398
Deferred revenue	7,000	9,201	16,201
Total liabilities	<u>269,346</u>	<u>41,458</u>	<u>310,804</u>
Fund Balances:			
Reserved for:			
Encumbrances	29,957		29,957
Reserve for maintenance reserve	25,000		25,000
Reserve for emergency reserve	250,000		250,000
Excess surplus	175,056		175,056
Excess surplus -- designated for Subsequent year's expenditures	1,217,997		1,217,997
Designated for subsequent year's expenditures	585,393		585,393
Unreserved, reported in:			
General fund	207,721		207,721
Special revenue fund		0	0
Total Fund balances	<u>2,491,124</u>	<u>0</u>	<u>2,491,124</u>
Total liabilities and fund balances	<u>\$2,760,470</u>	<u>41,458</u>	
Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			22,140,761
Some liabilities, such as compensated absences and capital leases, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated Absences			<u>(1,384,264)</u>
Net assets of governmental activities			<u>\$23,247,621</u>

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2009**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Local tax levy	\$10,173,118		10,173,118
Tuition charges	921,101		921,101
Interest	40,293		40,293
Miscellaneous	3,956		3,956
State sources	1,560,525	1,109	1,561,634
Federal sources		238,203	238,203
Local sources		70,685	70,685
<b>Total revenues</b>	<b>12,698,993</b>	<b>309,997</b>	<b>13,008,990</b>
<b>EXPENDITURES</b>			
Current:			
Regular instruction	3,630,010	222,537	3,852,547
Special education instruction	377,386		377,386
Other special instruction	221,675		221,675
Other instruction	61,018		61,018
Support services and undistributed costs:			
Tuition	2,777,429		2,777,429
Student & instruction related services	1,225,017	86,351	1,311,368
School administrative services	240,961		240,961
Other administrative services	611,383		611,383
Administration Information Technology	14,228		14,228
Plant operations and maintenance	1,188,993		1,188,993
Pupil transportation	332,016		332,016
Unallocated Benefits	1,939,389		1,939,389
Capital outlay	80,741		80,741
Transfer to Charter Schools	100,678		100,678
<b>Total expenditures</b>	<b>12,800,924</b>	<b>308,888</b>	<b>13,109,812</b>
Excess (Deficiency) of revenues over expenditures	(101,931)	1,109	(100,822)
<b>OTHER FINANCING SOURCES (USES)</b>			
Adjustment for prior year encumbrances	3,731		3,731
Cancellation of prior year purchase orders	101		101
Transfers out	(112,613)		(112,613)
<b>Total other financing sources and uses</b>	<b>(108,781)</b>	<b>0</b>	<b>(108,781)</b>
Net change in fund balances	(210,712)	1,109	(209,603)
Fund balance—July 1	2,701,836	(1,109)	2,700,727
Fund balance—June 30	<u>\$2,491,124</u>	<u>0</u>	<u>2,491,124</u>

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2009**

**Total net change in fund balances - governmental funds (from B-2)** (\$209,603)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	(883,205)	
Capital outlays	<u>37,972</u>	(845,233)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(317,230)

**Change in net assets of governmental activities**

(\$1,372,066)

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Community Service Programs</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$13,513	18,271	31,784
Accounts receivable	3,504	44,505	48,009
Prepaid expenses		12,116	12,116
Inventories	1,738		1,738
Total current assets	18,755	74,892	93,647
Noncurrent assets:			
Furniture, machinery & equipment	24,217		24,217
Less accumulated depreciation	(24,217)		(24,217)
Total noncurrent assets	0	0	0
Total assets	18,755	74,892	93,647
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	15,636	11,390	27,026
Deferred revenue		9,400	9,400
Total current liabilities	15,636	20,790	36,426
Non-current liabilities:			
Compensated absences payable	28,493		28,493
Total current liabilities	28,493	0	28,493
Total liabilities	44,129	20,790	64,919
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	0		0
Unrestricted	(25,374)	54,102	28,728
Total net assets	(\$25,374)	54,102	28,728

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

	<b>Business-type Activities -</b>		
	<b>Enterprise Fund</b>		
	<b>Food</b>	<b>Community</b>	<b>Total</b>
	<b>Service</b>	<b>Service</b>	<b>Enterprise</b>
	<b>Programs</b>	<b>Programs</b>	<b>Programs</b>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$22,943		22,943
Daily sales - non-reimbursable programs	6,340		6,340
School Store		411	411
Community service activities		669,396	669,396
Latchkey		31,179	31,179
Total operating revenues	<u>29,283</u>	<u>700,986</u>	<u>730,269</u>
Operating expenses:			
Cost of sales	52,430		52,430
Salaries	90,506	250,796	341,302
Employee benefits		41,118	41,118
Cleaning, repair and maintenance services	2,179		2,179
Community service trips		57,286	57,286
General supplies	21,879	96,485	118,364
Other objects	0	156,785	156,785
Depreciation	480		480
Total Operating Expenses	<u>167,474</u>	<u>602,470</u>	<u>769,944</u>
Operating (loss)	<u>(138,191)</u>	<u>98,516</u>	<u>(39,675)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	958		958
Federal sources:			
National school lunch program	18,333		18,333
Food distribution program	1,673		1,673
Interest and investment revenue	145		145
Total nonoperating revenues	<u>21,109</u>	<u>0</u>	<u>21,109</u>
(Loss) before contributions & transfers	<u>(117,082)</u>	<u>98,516</u>	<u>(18,566)</u>
Other transfers	2,508	(2,508)	0
Transfers in	112,613		112,613
Change in net assets	(1,961)	96,008	94,047
Total net assets—beginning	<u>(23,413)</u>	<u>(41,906)</u>	<u>(65,319)</u>
Total net assets—ending	<u>(\$25,374)</u>	<u>54,102</u>	<u>28,728</u>

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Community Service Programs</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$29,283	613,066	642,349
Payments to employees	(87,613)	(268,819)	(356,432)
Payments to suppliers	(60,609)	(325,976)	(386,585)
Net cash (used for) operating activities	(118,939)	18,271	(100,668)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	922		922
Federal Sources	17,496		17,496
Operating subsidies and transfers from other funds	112,613		112,613
Net cash provided by non-capital financing activities	131,031	0	131,031
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	145		145
Net cash provided by investing activities	145	0	145
Net increase in cash and cash equivalents	12,237	18,271	30,508
Balances—beginning of year	1,276	0	1,276
Balances—end of year	\$13,513	18,271	31,784
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating (loss)	(138,191)	98,516	(39,675)
Adjustments to reconcile operating (loss) to net cash provided by/ (used for) operating activities			
Depreciation and net amortization	480		480
Federal commodities	1,673		1,673
(Increase) in other accounts receivables		(44,505)	(44,505)
Decrease in prepaid expenses		11,705	11,705
(Increase) in inventories	(241)		(241)
Increase in deferred revenue		(43,415)	(43,415)
Increase in accounts payable	14,447	11,390	25,837
(Decrease) in cash deficit		(15,420)	(15,420)
Increase in compensated absences payable	2,893		2,893
Total adjustments	19,252	(80,245)	(60,993)
Net cash (used for) operating activities	(\$118,939)	18,271	(100,668)



**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2009**

	<b>Expendable Trusts</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$101,863	8,334
Total assets	101,863	8,334
<b>LIABILITIES</b>		
Payable to student groups		4,263
Payroll deductions and withholdings		4,071
Total liabilities	0	8,334
<b>NET ASSETS</b>		
Held in trust for unemployment claims and other purposes	\$101,863	

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2009**

	Expendable Trusts
<b>ADDITIONS</b>	
Contributions:	
Scholarships	\$0
Deductions from Employee's Salaries	8,937
Total Contributions	8,937
Investment earnings:	
Interest	1,454
Net investment earnings	1,454
Total additions	10,391
<b>DEDUCTIONS</b>	
Unemployment claims	613
Scholarships awarded	200
Total deductions	813
Change in net assets	9,578
Net assets—beginning of the year	92,285
Net assets—end of the year	\$101,863

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

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

The financial statements of the Board of Education (Board) of the City of Margate School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

**A. REPORTING ENTITY:**

The City of Margate School District is a Type I district located in the County of Atlantic, State of New Jersey. As a Type I district, the Board of Education members are appointed by the Mayor. The Board is comprised of seven members appointed to three-year terms. The purpose of the district is to educate students in grades K-8. The City of Margate School District had an approximate enrollment at June 30, 2009 of 609 students.

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

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

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

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:**

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

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

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

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

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

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

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

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

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2009**

The following fund types are used by the District:

**1. Governmental Funds:**

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

**2. Proprietary Funds:**

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

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District's enterprise fund consists of the following:

Food Service Fund – provides for the operation of food services in all schools within the district.

Community Service Programs – provides latchkey, recreation, and performing arts programs to the district residents on a fee basis.

**3. Fiduciary Funds:**

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2009**

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

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

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit

**City of Margate Board of Education**  
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**Notes to Financial Statements**  
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Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

**2. Investments:**

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate).

**3. Inventories:**

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2009, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Supplies	1,738
	\$ <u>1,738</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**4. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years

GASBS No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

**5. Revenues:**

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**6. Expenditures:**

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

**7. Compensated absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.



**City of Margate Board of Education**  
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**8. Interfund Activity:**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**9. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and are approved by the board of school estimates. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(f). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the Executive County Superintendent of Schools. The Board of Education approved the following material budgetary appropriation transfers during the 2009 fiscal year:

Salaries of Teachers Gr 1-5	\$	27,625
Salaries of Teachers Gr 6-8		(18,100)
Tuition Private Handicapped		27,500
Tuition-County Special Services		(17,820)
Student Related Services Salaries		(12,563)
Child Study Team Salaries		(58,629)
Media Services Supplies		42,680
General Administration Salaries		98,528
Legal Services		(29,192)
Business Office Salaries		37,413
Insurance		(47,700)
Heat/Electricity		(70,350)
Transportation-Joint Agreements		25,300
Transportation Aid in Lieu		28,000
Other Retirement Contributions		(25,315)
Capital Outlay Engineering		42,769

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

**City of Margate Board of Education**  
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**Notes to Financial Statements**  
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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.

**10. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**11. Tuition Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**12. Tuition Payable**

Tuition charges for the fiscal years 2008/09 and 2007/08 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**13. Use of Estimates**

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

**NOTE 2. INVESTMENTS**

As of June 30, 2009, the District had no investments.

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

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

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

**NOTE 3. CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the new Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2009, \$0 of the District's bank balance of \$2,821,313 was exposed to custodial credit risk.

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**City of Margate Board of Education**  
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**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 4. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<b><u>Balance</u></b> <b><u>June 30, 2008</u></b>	<b><u>Additions</u></b>	<b><u>Disposals/ Adjustments</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2009</u></b>
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 1,756,541	_____	_____	1,756,541
Total capital assets not being depreciated	<u>1,756,541</u>	<u>0</u>	<u>0</u>	<u>1,756,541</u>
Bldg and bldg improve	29,266,596			29,266,596
Machinery & equipment	<u>1,257,741</u>	<u>37,972</u>	<u>(181,788)</u>	<u>1,113,925</u>
Total at historical cost	<u>30,524,337</u>	<u>37,972</u>	<u>(181,788)</u>	<u>30,380,521</u>
Less accum depr for:				
Bldg and improve	(8,306,515)	(809,312)		(9,115,827)
Equipment	<u>(988,369)</u>	<u>(73,893)</u>	<u>181,788</u>	<u>(880,474)</u>
Total accum deprec	<u>(9,294,884)</u>	<u>(883,205)</u>	<u>181,788</u>	<u>(9,996,301)</u>
Total capital assets being depr, net of accum depr	<u>21,229,453</u>	<u>(845,233)</u>	<u>0</u>	<u>20,384,220</u>
<b>Governmental activities capital assets, net</b>	<b><u>22,985,994</u></b>	<b><u>(845,233)</u></b>	<b><u>0</u></b>	<b><u>22,140,761</u></b>
<b>Business-type activities:</b>				
Equipment	28,209			28,209
Less accum depr for:				
Equipment	<u>(27,729)</u>	<u>(480)</u>	_____	<u>(28,209)</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 480</u></b>	<b><u>(480)</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

**City of Margate Board of Education**  
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Depreciation expense charged to governmental functions is as follows:

Regular instruction	\$	283,568
Special education		30,723
Other special instruction		17,634
Other instruction		6,378
Student & instruction related services		329,706
School administrative expenses		18,615
General administration		32,557
Central services		15,457
Administration Info Technology		1,099
Transportation		25,877
Plant operations and maintenance		121,591
	\$	<u>883,205</u>

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

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Dues within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Comp Absences Payable	\$1,067,034	390,045	72,816	1,384,263	283,292
Total Governmental Activities	<u>1,067,034</u>	<u>390,045</u>	<u>72,816</u>	<u>1,384,263</u>	<u>283,292</u>
Business-type Activities:					
Other Liabilities					
Comp Absences Payable	25,600	6,343	3,450	28,493	0
Total Business-Type Activities	<u>\$25,600</u>	<u>6,343</u>	<u>3,450</u>	<u>28,493</u>	<u>0</u>

**A. Bonds Payable** – The City of Margate School District is a Type I School District. In the State of New Jersey, all Type I school debt is borne by the municipality rather than the school district.

**B. Bonds Authorized But Not Issued** -- As of June 30, 2009, the District had no authorized but not issued bonds.

**C. Capital Leases** – As of June 30, 2009, the District had no outstanding capital leases.

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**NOTE 6. OPERATING LEASES**

Effective May 1, 2006, the District is leasing various Xerox copy machines for the schools and administrative office. The lease term is for five years. The monthly payment on each machine ranges from \$755 to \$1,012 per month. Total rental expense for the 2009 fiscal year was \$43,860.

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

Year ending June 30,	<u>Amount</u>
2010	\$ 43,860
2011	14,620
2012	0
2013	0
2014	0
Total future minimum lease payments	\$ <u>58,480</u>

**NOTE 7. PENSION PLANS**

**Description of Plans**

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

**Teachers' Pension and Annuity Fund**

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

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**Public Employees' Retirement System**

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

**Funding Policy**

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 5.5% and the PERS rate is 5.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2009, 2008 and 2007 were \$352,036, \$382,662, and \$331,567 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2009, 2008 and 2007 were \$62,441, \$44,692, and \$30,588 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2009, 2008 and 2007, the State of New Jersey contributed \$301,633, \$689,948, and \$686,231, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$352,036, \$328,662, and \$331,567, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

**NOTE 8. LABOR CONTRACTS**

As of June 30, 2009, the District's employees are organized in three collective bargaining units. The contract with the Secretary's Association as well as the Education and Administrators Association's expire June 30, 2010. In addition, the District has a separate contract with the Business Administrator that expired June 30, 2009 and is currently being negotiated for an additional one year term. The contract with the Superintendent will expire June 30, 2012.

**NOTE 9. POST-RETIREMENT BENEFITS**

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

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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, 2008, there were 80,181 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2008.

The State is also responsible for the cost attributable to P.L. 192, Chapter 126, which provides for free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in Fiscal Year 2008.

**NOTE 10. COMPENSATED ABSENCES**

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2009, a liability existed for compensated absences in the Food Service Fund in the amount of \$28,493.

**NOTE 11. DEFERRED COMPENSATION**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts



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**Notes to Financial Statements**  
**June 30, 2009**

deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning, Inc.  
 Equitable  
 Met Life

**NOTE 12. RISK MANAGEMENT**

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

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2009 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust fund for benefits paid to its former employees and charged to its account with the State. This District is billed quarterly for amounts due to the State. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years:

Fiscal Year	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2008-2009	\$ 1,424	8,937	613	98,910
2007-2008	2,430	8,260	492	89,162
2006-2007	3,540	8,254	447	78,964

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

No interfund balances remained on the balance sheet at June 30, 2009.

Interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies and to subsidize operating revenue in food service. In addition, state aid cash is directly deposited into the general bank account and subsequently transferred to the enterprise bank account. During the 2009 fiscal year, the general fund made a permanent interfund transfer to the enterprise fund to partially cover accumulated deficits in the District food service program. It is anticipated that all interfunds will be liquidated during the fiscal year.

**City of Margate Board of Education**  
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**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 14. ECONOMIC DEPENDENCY**

The District is heavily reliant on local property taxation through the City of Margate and State Aid to fund the District's operations. Property taxes and state aid funded 76% of the District 2008-2009 governmental operations.

**NOTE 15. CAPITAL RESERVE FUND**

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**NOTE 16. EMERGENCY RESERVE FUND**

New Jersey Statute 18A:7F-41(c) permits school districts to establish a current expense emergency reserve in the general fund with deposits made to the account with voter approval, beginning in the fiscal year 2008 budget process, or at year end by board resolution. This reserve account is to be used to finance future unanticipated (reasonably unforeseeable) general fund expenditures required for a thorough and efficient education. The emergency reserve balance cannot exceed \$250,000 or one percent of the district's general fund budget (which amounts to \$133,616 for the 2009 fiscal year) up to a maximum of \$1 million, whichever is greater. Withdrawals require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in health costs greater than four percent.

The activity in the emergency reserve for the 2009 fiscal year is as follows:

Beginning balance, July 1, 2008	\$	0
Increases:		
Approved by board of school estimates 3/20/08		<u>250,000</u>
Ending balance, June 30, 2009	\$	<u>250,000</u>

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 17. MAINTENANCE RESERVE FUND**

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

The activity in the maintenance reserve fund for the 2009 fiscal year is as follows:

Beginning balance, July 1, 2008	\$	0
Increases:		
Approved by board of school estimates 3/20/08		<u>25,000</u>
Ending balance, June 30, 2009	\$	<u><u>25,000</u></u>

**NOTE 18. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$2,572,431 General Fund fund balance at June 30, 2009, \$29,957 is reserved for encumbrances; \$1,393,053 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$1,217,997 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2010); \$25,000 has been reserved in the Maintenance Reserve Fund; \$250,000 has been reserved in the Current Expense Emergency Reserve Fund; \$585,393 has been appropriated and also included as anticipated revenue for the year ending June 30, 2010; and \$289,028 is unreserved and undesignated.

**NOTE 19. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance -- Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2009 is \$1,393,053.

**NOTE 20. LITIGATION**

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

As of June 30, 2009 a petition against the District has been filed with the NJ Department of Education seeking, among other things, reimbursement for the costs allegedly paid by a special education student's family for a residential placement in which the student was unilaterally enrolled by the family. The District is vigorously defending this petition and any specific monetary aspects of the claim has not yet been determined.

**NOTE 21. SOLAR PHOTOVOLTAIC PANEL PROJECT**

During the 2009 fiscal year, the District authorized the sale of approximately 586 solar renewal energy credits (SREC) that were earned through the use of the solar photovoltaic panels. As a result of the sale, the District received \$386,760 which was applied as a refund against the total energy cost for the fiscal year. Credits are earned during the fiscal year that operates from June 1 to May 31. During the month of June 2009, credits may have been earned that would be available for sale during the 2010 fiscal year. Due to market fluctuations and the possibility these credits will no longer be available for sale as of May 31, 2010, a receivable has not been established as of June 30, 2009.

**NOTE 22. SUBSEQUENT EVENT**

On September 30, 2009 the City of Margate issued \$12,730,000 in refunding school bonds. The callable portion refunded includes the bonds maturing on February 1 in the years 2011 through 2022 and total \$12,865,000. Semiannual interest payments are due, at rates ranging from 3.0% to 5.0%, on February 1 and August 1, commencing February 1, 2010. As a Type I School District, this debt is borne by the City of Margate rather than the school district.

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

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**BUDGETARY COMPARISON SCHEDULES**

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**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	10,173,118		10,173,118	10,173,118	0
Tuition - From Individuals	96,216		96,216	127,985	31,769
Tuition - From other LEAs within State	793,116		793,116	793,116	0
Interest	95,000		95,000	40,293	(54,707)
Miscellaneous			0	3,956	3,956
<b>Total - Local Sources</b>	<b>11,157,450</b>	<b>0</b>	<b>11,157,450</b>	<b>11,138,468</b>	<b>(18,982)</b>
State Sources:					
Categorical Transportation Aid	118,158		118,158	118,158	0
Categorical Special Education Aid	298,595		298,595	298,595	0
Categorical Security Aid	44,621		44,621	44,621	0
Adjustment Aid	472,960	(26,603)	446,357	446,357	0
Extraordinary Aid	11,152		11,152	11,152	0
Reimbursed Non Public Transportation Aid			0	27,876	27,876
On-Behalf TPAF Pension Contributions (non-budgeted)				301,633	301,633
Reimbursed TPAF Social Security Contributions (non-budgeted)				352,036	352,036
<b>Total - State Sources</b>	<b>945,486</b>	<b>(26,603)</b>	<b>918,883</b>	<b>1,600,428</b>	<b>681,545</b>
<b>Total Revenues</b>	<b>12,102,936</b>	<b>(26,603)</b>	<b>12,076,333</b>	<b>12,738,896</b>	<b>662,563</b>

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

**For the Fiscal Year Ended June 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	51,807	(2,300)	49,507	45,452	4,055
Kindergarten	236,576	(4,000)	232,576	232,428	148
Grades 1-5	1,624,034	27,626	1,651,660	1,651,643	17
Grades 6-8	1,379,236	(18,100)	1,361,136	1,360,045	1,091
Regular Programs - Home Instruction:					
Salaries of Teachers	1,500	0	1,500	800	700
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	87,358	0	87,358	82,545	4,813
Purchased Professional - Educational Services	2,000	(1,250)	750	0	750
Other Purchased Services	1,075	0	1,075	900	175
General Supplies	220,700	(4,057)	216,643	191,404	25,239
Textbooks	75,100	(6,649)	68,451	64,793	3,658
<b>Total Regular Programs</b>	<b>3,679,386</b>	<b>(8,730)</b>	<b>3,670,656</b>	<b>3,630,010</b>	<b>40,646</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	228,449	(900)	227,549	212,206	15,343
Other Salaries for Instruction	47,391	3,100	50,491	50,479	12
General Supplies	1,250	(400)	850	847	3
<b>Total Resource Room/Resource Center</b>	<b>277,090</b>	<b>1,800</b>	<b>278,890</b>	<b>263,532</b>	<b>15,358</b>
<b>Preschool Disabilities - Full Time:</b>					
Salaries of Teachers	86,069	0	86,069	81,178	4,891
Other Salaries for Instruction	27,599	4,150	31,749	31,712	37
Other Purchased Services	984	0	984	964	20
<b>Total Preschool Disabilities - Full Time</b>	<b>114,652</b>	<b>4,150</b>	<b>118,802</b>	<b>113,854</b>	<b>4,948</b>
<b>Total Special Education - Instruction</b>	<b>391,742</b>	<b>5,950</b>	<b>397,692</b>	<b>377,386</b>	<b>20,306</b>

City of Margate Board of Education  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Basic Skills/Remedial- Instruction					
Salaries of Teachers	168,032	0	168,032	162,356	5,676
Other Salaries for Instruction	35,598	1	35,599	35,598	1
General Supplies	575	0	575	66	509
<b>Total Basic Skills/Remedial - Instruction</b>	<b>204,205</b>	<b>1</b>	<b>204,206</b>	<b>198,020</b>	<b>6,186</b>
Bilingual Education - Instruction:					
Salaries of Teachers	23,310	200	23,510	23,500	10
General Supplies	550	0	550	155	395
<b>Total Bilingual Education - Instruction</b>	<b>23,860</b>	<b>200</b>	<b>24,060</b>	<b>23,655</b>	<b>405</b>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	27,600	0	27,600	22,233	5,367
Supplies and Materials	2,400	0	2,400	1,598	802
Other Objects	13,500	2,817	16,317	13,819	2,498
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	<b>43,500</b>	<b>2,817</b>	<b>46,317</b>	<b>37,650</b>	<b>8,667</b>
School Sponsored Athletics - Instruction					
Salaries	15,000	0	15,000	11,200	3,800
Purchased Services	4,400	0	4,400	3,597	803
Supplies and Materials	15,744	0	15,744	7,971	7,773
Other Objects	1,100	0	1,100	600	500
<b>Total School Sponsored Athletics - Instruction</b>	<b>36,244</b>	<b>0</b>	<b>36,244</b>	<b>23,368</b>	<b>12,876</b>
<b>Total Instruction</b>	<b>4,378,937</b>	<b>238</b>	<b>4,379,175</b>	<b>4,290,089</b>	<b>89,086</b>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	1,866,486	0	1,866,486	1,866,486	0
Tuition to Other LEAs within the State - Special	731,576	0	731,576	731,576	0

**City of Margate Board of Education  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Tuition to County Voc. School District - Regular	5,000	0	5,000	0	5,000
Tuition to CSSD & Regional Day Schools	111,363	(12,520)	98,843	98,812	31
Tuition to Private Schools for the Disabled- Within State	96,002	22,200	118,202	80,555	37,647
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,810,427</b>	<b>9,680</b>	<b>2,820,107</b>	<b>2,777,429</b>	<b>42,678</b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	39,333	0	39,333	38,412	921
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>39,333</b>	<b>0</b>	<b>39,333</b>	<b>38,412</b>	<b>921</b>
Undistributed Expenditures - Health Services:					
Salaries	218,642	(1,300)	217,342	212,628	4,714
Supplies and Materials	10,121	0	10,121	5,567	4,554
<b>Total Undistributed Expenditures - Health Services</b>	<b>228,763</b>	<b>(1,300)</b>	<b>227,463</b>	<b>218,195</b>	<b>9,268</b>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	179,938	(12,563)	167,375	162,356	5,019
Purchased Professional Educational Services	3,000	320	3,320	3,320	0
Supplies and Materials	2,500	(320)	2,180	1,294	886
<b>Total Undistributed Expenditures - Other Support Services - Students - Regular</b>	<b>185,438</b>	<b>(12,563)</b>	<b>172,875</b>	<b>166,970</b>	<b>5,905</b>
Undistributed Expenditures - Other Support Services - Extra. Serv. Salaries - Aides	109,795	(7,035)	102,760	98,443	4,317
Purchased Professional - Educational Services	40,000	1,200	41,200	41,187	13
Other Objects	6,800	(1,200)	5,600	0	5,600
<b>Total Undistributed Services - Other Support Services - Extra. Serv.</b>	<b>156,595</b>	<b>(7,035)</b>	<b>149,560</b>	<b>139,630</b>	<b>9,930</b>

City of Margate Board of Education  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Special					
Salaries of Other Professional Staff	169,146	(58,626)	110,520	110,517	3
Salaries of Secretarial and Clerical Assistants	28,797	0	28,797	26,186	2,611
Other Purchased Professional and Technical Services		390	390	390	0
Other Purchased Services	2,000	0	2,000	108	1,892
Supplies and Materials	37,552	(2,295)	35,257	26,603	8,654
Other Objects	200	0	200	0	200
Total Undistributed Expenditures - Other Support Services - Students - Special	237,695	(60,531)	177,164	163,804	13,360
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	52,934	(4,650)	48,284	40,385	7,899
Salaries of Other Professional Staff	100,000	(5,150)	94,850	94,832	18
Salaries of Secretarial and Clerical Assistants	9,450	0	9,450	9,450	0
Other Purchased Professional and Technical Services	4,000	0	4,000	0	4,000
Other Purchased Services	11,000	(5,200)	5,800	815	4,985
Supplies and Materials		5,700	5,700	5,630	70
Other Objects	600	0	600	0	600
Total Undistributed Expenditures - Improv. of Instr. Services	177,984	(9,300)	168,684	151,112	17,572
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	182,722	(22,500)	160,222	141,500	18,722
Purchased Professional and Technical Services	16,004	(500)	15,504	2,006	13,498
Supplies and Materials	188,247	42,680	230,927	203,288	27,639
Other Objects	200	0	200	100	100
Total Undistributed Expenditures - Educational Media Services - School Library	387,173	19,680	406,853	346,894	59,959
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	202,324	98,528	300,852	299,389	1,463
Legal Services	35,000	(29,192)	5,808	5,808	0
Audit Fees	20,000	(5,500)	14,500	14,500	0
Other Purchased Professional Services	5,000	4,298	9,298	9,297	1
Purchased Technical Services		8,498	8,498	0	8,498

City of Margate Board of Education  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Communications/Telephone	25,775	14,105	39,880	39,880	0
Other Purchased Services	10,700	5,727	16,427	16,427	0
General Supplies	11,000	1,907	12,907	12,757	150
Miscellaneous Expenditures	11,915	1,346	13,261	13,261	0
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>321,714</b>	<b>99,717</b>	<b>421,431</b>	<b>411,319</b>	<b>10,112</b>
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	133,802	2,348	136,150	136,150	0
Salaries of Secretarial and Clerical Assistants	77,530	0	77,530	77,529	1
Other Purchased Services	1,500	(1,500)	0	0	0
Supplies and Materials	22,361	3,324	25,685	25,685	0
Other Objects	2,700	(1,103)	1,597	1,597	0
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>237,893</b>	<b>3,069</b>	<b>240,962</b>	<b>240,961</b>	<b>1</b>
Undistributed Expenditures - Central Services					
Salaries	144,214	37,413	181,627	181,627	0
Purchased Professional Services	6,000	(6,000)	0	0	0
Purchased Technical Services	383	(383)	0	0	0
Misc. Purchased Services	5,300	(3,535)	1,765	1,765	0
Supplies and Materials	15,000	(152)	14,848	14,848	0
Miscellaneous Expenditures	1,790	50	1,840	1,824	16
<b>Total Undistributed Expenditures - Central Services</b>	<b>172,687</b>	<b>27,393</b>	<b>200,080</b>	<b>200,064</b>	<b>16</b>
Undistributed Expenditures - Administration Information Technology					
Other Purchased Services	14,250	(22)	14,228	14,228	0
<b>Total Undistributed Expenditures - Administration Info Technology</b>	<b>14,250</b>	<b>(22)</b>	<b>14,228</b>	<b>14,228</b>	<b>0</b>
Undistributed Expenditures - Required Maintenance for School Facilities					
Cleaning Repairs and Maintenance Services	182,739	0	182,739	182,739	0
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>182,739</b>	<b>0</b>	<b>182,739</b>	<b>182,739</b>	<b>0</b>

City of Margate Board of Education  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Cleaning, Repair and Maintenance Services	774,273	(11,044)	763,229	737,838	25,391
Insurance	106,291	(47,700)	58,591	57,177	1,414
General Supplies	129,854	22,875	152,729	152,253	476
Energy (Heat and Electricity)	487,000	(70,350)	416,650	58,986	357,664
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>1,497,418</b>	<b>(106,219)</b>	<b>1,391,199</b>	<b>1,006,254</b>	<b>384,945</b>
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transp. (Between Home and School)-Spec Ed	30,965	0	30,965	29,965	1,000
Cleaning, Repair and Maintenance Service	1,000	850	1,850	1,821	29
Contracted Services - (Other than Between Home and School) - Vendors	26,150	900	27,050	26,932	118
Contracted Services - (Between Home and School) - Joint Agmnts	188,000	(12,818)	175,182	174,320	862
Contracted Services (Special Ed Students) - Joint Agreements	29,295	25,300	54,595	54,552	43
Contracted Services - Aid in Lieu of Payments Non Public	16,321	28,000	44,321	43,758	563
Supplies and Materials	1,000	0	1,000	668	332
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>292,731</b>	<b>42,232</b>	<b>334,963</b>	<b>332,016</b>	<b>2,947</b>
Unallocated Benefits:					
Social Security Contributions	100,000	0	100,000	76,755	23,245
Other Retirement Contributions - Regular	115,000	(25,315)	89,685	62,441	27,244
Workmen's Compensation	86,237	(2,390)	83,847	70,772	13,075
Health Benefits	1,097,681	0	1,097,681	1,039,696	57,985
Tuition Reimbursements	35,000	0	35,000	28,351	6,649
Other Employee Benefits	7,500	205	7,705	7,705	0
<b>Total Unallocated Benefits</b>	<b>1,441,418</b>	<b>(27,500)</b>	<b>1,413,918</b>	<b>1,285,720</b>	<b>128,198</b>

City of Margate Board of Education  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
On-behalf TPAF Pension Contributions (non-budgeted)				301,633	(301,633)
Reimbursed TPAF Social Security Contributions (non-budgeted)				352,036	(352,036)
<b>Total On-behalf Contributions</b>	0	0	0	653,669	(653,669)
Total Undistributed Expenditures	8,384,258	(22,699)	8,361,559	8,329,416	32,143
<b>Total Current Expense</b>	<b>12,763,195</b>	<b>(22,461)</b>	<b>12,740,734</b>	<b>12,619,505</b>	<b>121,229</b>
<b>Capital Outlay:</b>					
Equipment:					
Grades 6-8	14,267	0	14,267	7,567	6,700
Undistributed Expenditures:					
Support Services - Students Regular	75,000	(11,284)	63,716	22,884	40,832
Central Services	6,000	0	6,000	3,237	2,763
Total Equipment	95,267	(11,284)	83,983	33,688	50,295
Facilities acquisition and construction services:					
Architectural/engineering services		42,769	42,769	42,769	0
Supplies and materials		4,284	4,284	4,284	0
Total facilities acquisition and construction services	0	47,053	47,053	47,053	0
<b>Total Capital Outlay</b>	<b>95,267</b>	<b>35,769</b>	<b>131,036</b>	<b>80,741</b>	<b>50,295</b>
Transfers to Charter Schools	117,622	(11,762)	105,860	100,678	5,182
<b>Total Expenditures</b>	<b>12,976,084</b>	<b>1,546</b>	<b>12,977,630</b>	<b>12,800,924</b>	<b>176,706</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(873,148)	(28,149)	(901,297)	(62,028)	839,269
Other Financing Sources (Uses):					
Operating Transfers Out:					
Adjustment for prior year encumbrances		3,731	3,731	3,731	0
Cancellation of prior year purchase orders				101	101
Increase in Maintenance Reserve	(25,000)	0	(25,000)	0	25,000



City of Margate Board of Education  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Increase in Current Emergency Reserve	(250,000)	0	(250,000)		250,000
Transfer to Food Service Fund - Board Contribution	(110,471)	(2,185)	(112,656)	(112,613)	43
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,258,619)	(26,603)	(1,285,222)	(170,809)	1,114,413
Fund Balances, July 1	2,743,240		2,743,240	2,743,240	0
Fund Balances, June 30	1,484,621	(26,603)	1,458,018	2,572,431	1,114,413
Recapitulation of Fund Balance:					
Reserve for Encumbrances				29,957	
Reserve for maintenance reserve				25,000	
Reserve for emergency reserve				250,000	
Excess Surplus				175,056	
Excess Surplus-Designated for Subsequent Year's Expenditures				1,217,997	
Designated for Subsequent Year's Expenditures				585,393	
Unrestricted Fund Balance				289,028	
				2,572,431	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment Not Recognized on GAAP Basis				(81,307)	
Fund Balance per Governmental Funds (GAAP)				\$2,491,124	

**City of Margate School District**  
**(A Component Unit of the City of Margate)**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2009**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources		88,786	88,786	70,685	(18,101)
Total - Local Sources	0	88,786	88,786	70,685	(18,101)
State Sources:					
Nonpublic Aid		0			0
Total - State Sources	0	0	0	0	0
Federal Sources:					
Title I	35,640	16,792	52,432	32,633	(19,799)
I.D.E.A., Part B	144,167	56,028	200,195	189,770	(10,425)
Other	17,895	9,770	27,665	15,800	(11,865)
Total - Federal Sources	197,702	82,590	280,292	238,203	(42,089)
<b>Total Revenues</b>	<b>197,702</b>	<b>171,376</b>	<b>369,078</b>	<b>308,888</b>	<b>(60,190)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	35,640	(1,564)	34,076	20,490	13,586
Other Salaries for Instruction		9,901	9,901	8,776	1,125
Purchased Professional and Technical Services		5,754	5,754	3,905	1,849
Other Purchased Services (400-500 series)	139,495	30,601	170,096	167,054	3,042
General Supplies	5,203	37,711	42,914	22,312	20,602
<b>Total instruction</b>	<b>180,338</b>	<b>82,403</b>	<b>262,741</b>	<b>222,537</b>	<b>40,204</b>

City of Margate School District  
(A Component Unit of the City of Margate)  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Support Services					
Salaries of Teachers		0		0	0
Salaries of Other Professional Staff		55,967	55,967	55,967	0
Personal Services - Employee Benefits		8,310	8,310	7,271	1,039
Purchased Professional and Technical Services	15,992	19,134	35,126	16,399	18,727
Other Purchased Services (400-500 series)		2,413	2,413	2,413	0
Supplies and Materials	1,372	3,090	4,462	4,242	220
Miscellaneous Expenditures		59	59	59	0
<b>Total support services</b>	<u>17,364</u>	<u>88,973</u>	<u>106,337</u>	<u>86,351</u>	<u>19,986</u>
<b>Facilities acquisition and construction services:</b>					
Instructional Equipment		0		0	0
<b>Total facilities acquisition and construction services</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total expenditures</b>	<u>197,702</u>	<u>171,376</u>	<u>369,078</u>	<u>308,888</u>	<u>60,190</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

City of Margate School District  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2009

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

		General Fund	Special Revenue
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	\$12,738,896	308,888
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior Year			0
Current Year			0
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
		41,404	1,109
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
		(81,307)	0
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	12,698,993	309,997
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	12,800,924	308,888
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Prior Year			0
Current Year			0
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$12,800,924	308,888

**SPECIAL REVENUE FUND**

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**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	No Child Left Behind							
	Title I Part A	Carryover Title I Part A	Teacher & Principals Training Title II - Part A	Enhancing Education Through Technology Title II - Part D	Title IV Safe and Drug Free Schools	I.D.E.A. Part - B Basic	Carryover I.D.E.A. Part - B Basic	Carryover I.D.E.A. Part - B Preschool
REVENUES:								
State Sources	\$16,601	16,032	13,862	302	885	159,038	28,308	2,424
Federal Sources								
Local Sources								
Total revenues	<u>16,601</u>	<u>16,032</u>	<u>13,862</u>	<u>302</u>	<u>885</u>	<u>159,038</u>	<u>28,308</u>	<u>2,424</u>
EXPENDITURES								
Instruction:								
Salaries of teachers		12,553					7,937	
Other salaries for instruction					885			
Purchased prof. and technical services						159,038	7,936	2,424
Other purchased services	4,236	3,479						
General supplies								
Total instruction	<u>4,236</u>	<u>16,032</u>	<u>0</u>	<u>0</u>	<u>885</u>	<u>159,038</u>	<u>15,873</u>	<u>2,424</u>
Support services:								
Salaries of teachers								
Salaries of other professional staff	10,000						11,800	
Personal services- employee benefits	765							
Purchased professional & technical services	1,600		13,862	302			635	
Other purchased services								
Supplies and materials								
Miscellaneous expenditures								
Total support services	<u>12,365</u>	<u>0</u>	<u>13,862</u>	<u>302</u>	<u>0</u>	<u>0</u>	<u>12,435</u>	<u>0</u>
Facilities acquisition and const. serv.:								
Instructional equipment	0	0	0	0	0	0	0	0
Total facilities acquisition and construction services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Transfer to Charter Schools								
Total expenditures	<u>\$16,601</u>	<u>16,032</u>	<u>13,862</u>	<u>302</u>	<u>885</u>	<u>159,038</u>	<u>28,308</u>	<u>2,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	REBEL II	NJ Agricultural Society					Total
		Total Federal Projects	Municipal Alliance	Learning Through Gardening	Bloom Community Center	Total Local Projects	
<b>REVENUES:</b>							
State Sources	751	0					0
Federal Sources		238,203					238,203
Local Sources		0	19,725	3,573	47,387	70,685	70,685
<b>Total revenues</b>	<b>751</b>	<b>238,203</b>	<b>19,725</b>	<b>3,573</b>	<b>47,387</b>	<b>70,685</b>	<b>308,888</b>
<b>EXPENDITURES</b>							
Instruction:							
Salaries of teachers		20,490				0	20,490
Other salaries for instruction		0	8,776			8,776	8,776
Purchased prof. and technical services		885	3,020			3,020	3,905
Other purchased services		166,974	80			80	167,054
General supplies	751	10,890	7,849	3,573		11,422	22,312
<b>Total instruction</b>	<b>751</b>	<b>199,239</b>	<b>19,725</b>	<b>3,573</b>	<b>0</b>	<b>23,298</b>	<b>222,537</b>
Support services:							
Salaries of teachers		0				0	0
Salaries of other professional staff		21,800			34,167	34,167	55,967
Personal services- employee benefits		765			6,506	6,506	7,271
Purchased professional & technical services		16,399			0	0	16,399
Other purchased services		0			2,413	2,413	2,413
Supplies and materials		0			4,242	4,242	4,242
Miscellaneous expenditures		0			59	59	59
<b>Total support services</b>	<b>0</b>	<b>38,964</b>	<b>0</b>	<b>0</b>	<b>47,387</b>	<b>47,387</b>	<b>86,351</b>
Facilities acquisition and const. serv.:							
Instructional equipment		0				0	0
<b>Total facilities acquisition and construction services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfer to Charter Schools		0					0
<b>Total expenditures</b>	<b>751</b>	<b>238,203</b>	<b>19,725</b>	<b>3,573</b>	<b>47,387</b>	<b>70,685</b>	<b>308,888</b>
Excess (Deficiency) of Revenues Over (Under) Expenditure	0	0	0	0	0	0	0



**FIDUCIARY FUNDS**

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**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2009**

	Student Activity	Payroll Agency	Unemployment Compensation	Expendable Trusts Scholarship	2009
<b>ASSETS:</b>					
Cash and cash equivalents	\$4,263	4,071	98,910	2,953	110,197
<b>Total Assets</b>	<b>4,263</b>	<b>4,071</b>	<b>98,910</b>	<b>2,953</b>	<b>110,197</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Payroll deductions and withholdings Due to student groups	4,263	4,071			4,071 4,263
<b>Total Liabilities</b>	<b>4,263</b>	<b>4,071</b>	<b>0</b>	<b>0</b>	<b>8,334</b>
<b>Fund Balances:</b>					
Unreserved			98,910	2,953	101,863
<b>Total liabilities and fund balances</b>	<b>\$4,263</b>	<b>4,071</b>	<b>98,910</b>	<b>2,953</b>	<b>110,197</b>

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2009**

	Unemployment Trust	Scholarship Trust	Total 2009	Total 2008
<b>OPERATING REVENUES:</b>				
Local Sources:				
Deductions from Employees' Salaries	\$8,937		8,937	8,260
Contributions			0	3,220
Interest on Investments	1,424	30	1,454	2,433
Total Operating Revenues	10,361	30	10,391	13,913
<b>OPERATING EXPENDITURES:</b>				
Unemployment Compensation Insurance Claims	613		613	492
Scholarships awarded		200	200	100
Total Operating Expenditures	613	200	813	592
Excess of Revenues over Expenditures	9,748	(170)	9,578	13,321
Fund Balance, July 1	89,162	3,123	92,285	78,964
Fund Balance, June 30	\$98,910	2,953	101,863	92,285

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

H-3

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>ASSETS:</b>				
Cash and cash equivalents	\$2,854	14,693	13,284	4,263
Total assets	2,854	14,693	13,284	4,263
<b>LIABILITIES:</b>				
Due to Student groups	2,854	14,693	13,284	4,263
Total liabilities	\$2,854	14,693	13,284	4,263

**CITY OF MARGATE SCHOOL DISTRICT**  
**(A Component Unit of the City of Margate)**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2009**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>ASSETS:</b>				
Cash and cash equivalents	\$3,939	2,721,288	2,721,156	4,071
Total assets	<u>3,939</u>	<u>2,721,288</u>	<u>2,721,156</u>	<u>4,071</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	3,939	2,721,288	2,721,156	4,071
Total liabilities	<u>\$3,939</u>	<u>2,721,288</u>	<u>2,721,156</u>	<u>4,071</u>

## **Statistical Section**

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

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

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	22,791,304	22,102,389	21,466,166	24,067,654	22,873,625	22,034,346	22,140,761
Restricted	321,335	255,521	598,256	1,537,772	2,001,317	2,476,616	2,283,403
Unrestricted	142,476	274,465	(298,930)	(489,673)	(645,894)	(842,923)	(1,176,543)
<b>Total governmental activities net asset</b>	<u>23,255,115</u>	<u>22,632,375</u>	<u>21,765,492</u>	<u>25,115,753</u>	<u>24,229,048</u>	<u>23,668,039</u>	<u>23,247,621</u>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	7,557	6,372	2,325	1,631	1,056	480	-
Unrestricted	43,089	5,197	10,583	(8,309)	(71,336)	(65,799)	28,728
<b>Total business-type activities net assets</b>	<u>50,646</u>	<u>11,569</u>	<u>12,908</u>	<u>(6,678)</u>	<u>(70,280)</u>	<u>(65,319)</u>	<u>28,728</u>
<b>District-wide</b>							
Invested in capital assets, net of related debt	22,798,861	22,108,761	21,468,491	24,069,285	22,874,681	22,034,826	22,140,761
Restricted	321,335	255,521	598,256	1,537,772	2,001,317	2,476,616	2,283,403
Unrestricted	185,565	279,662	(288,347)	(497,982)	(717,230)	(908,722)	(1,147,815)
<b>Total district net assets</b>	<u>23,305,761</u>	<u>22,643,944</u>	<u>21,778,400</u>	<u>25,109,075</u>	<u>24,158,768</u>	<u>23,602,720</u>	<u>23,276,349</u>

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

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
Governmental activities							
Instruction							
Regular	4,023,638	4,236,387	4,176,253	4,478,263	4,720,511	4,643,439	4,874,372
Special education	533,384	403,974	397,287	416,426	447,222	458,167	488,094
Other special education	249,128	249,032	273,527	284,320	287,930	280,168	285,220
Other instruction	386,813	376,778	322,103	385,964	476,225	447,281	84,001
Nonpublic school programs	59,491	70,399	52,347	51,245	69,505	55,575	-
Support Services:							
Tuition	1,604,712	2,312,547	2,733,253	3,051,627	3,302,188	3,334,576	3,692,629
Student & instruction related services	1,334,284	1,018,476	1,156,149	1,146,553	1,444,039	1,506,205	1,684,932
General administrative services	634,961	687,659	630,256	589,327	702,743	306,158	784,398
School administrative services	377,319	370,897	301,835	271,242	319,616	681,137	308,039
Administrative information technology					13,704	17,806	18,188
Plant operations and maintenance	1,553,230	1,811,708	2,009,107	1,987,566	2,176,415	1,894,325	1,627,141
Pupil transportation	250,072	312,310	332,587	342,127	365,333	364,106	425,262
Capital outlay			16,423		21,951		
Total governmental activities expenses	<u>11,007,032</u>	<u>11,850,167</u>	<u>12,401,127</u>	<u>13,004,660</u>	<u>14,347,382</u>	<u>13,988,943</u>	<u>14,272,276</u>
Business-type activities:							
Food Service	135,054	142,821	139,539	141,646	149,185	155,445	167,474
Community Service Programs	150,970	137,165	187,773	239,481	281,618	247,365	602,470
Total business-type activities expense	286,024	279,986	327,312	381,127	430,803	402,810	769,944
Total district expenses	<u>11,293,056</u>	<u>12,130,153</u>	<u>12,728,439</u>	<u>13,385,787</u>	<u>14,778,185</u>	<u>14,391,753</u>	<u>15,042,220</u>
<b>Program Revenues</b>							
Governmental activities:							
Charges for service	507,944	547,913	674,366	756,441	791,419	822,310	921,101
Operating grants and contributions	920,703	1,019,384	1,027,192	1,095,929	1,447,204	1,470,246	962,558
Total governmental activities program revenues	<u>1,428,647</u>	<u>1,567,297</u>	<u>1,701,558</u>	<u>1,852,370</u>	<u>2,238,623</u>	<u>2,292,556</u>	<u>1,883,659</u>
Business-type activities:							
Charges for services							
Food Service	32,470	40,653	39,777	36,027	32,898	28,353	29,283
Community Service Programs	162,202	108,130	191,653	221,620	239,864	249,374	700,986
Operating grants and contributions	21,139	20,789	19,934	20,488	17,111	19,314	20,984
Total business type activities program revenues	215,811	169,572	251,364	278,135	289,873	297,041	751,233
Total district program revenues	<u>1,644,458</u>	<u>1,736,869</u>	<u>1,952,922</u>	<u>2,130,505</u>	<u>2,528,496</u>	<u>2,589,597</u>	<u>2,634,892</u>

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

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
<b>Net (Expense)/Revenue</b>							
Governmental activities	(9,578,385)	(10,282,870)	(10,699,569)	(11,152,290)	(12,108,759)	(11,696,387)	(12,388,617)
Business-type activities	(70,213)	(110,414)	(75,948)	(102,992)	(140,930)	(105,769)	(18,711)
Total district-wide net expenses	<u>(9,648,598)</u>	<u>(10,393,284)</u>	<u>(10,775,517)</u>	<u>(11,255,282)</u>	<u>(12,249,689)</u>	<u>(11,802,156)</u>	<u>(12,407,328)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Property taxes levied for general purposes, net	8,295,369	8,695,369	8,814,543	10,065,488	10,173,118	10,173,118	10,173,118
Unrestricted grants and contributions	735,009	849,987	876,370	909,246	882,774	914,371	907,965
Investment earnings	22,041	22,041	33,873	70,284	107,930	73,291	40,293
Miscellaneous income	121,183	97,740	95,201	99,363	134,942	85,640	3,956
Funds received from the City of Margate		66,183	89,844	1,415,016			
Schools Construction Corporation				2,026,333			
State of New Jersey, Board of Public Utilities							3,832
Special items	(77,712)	(71,190)	(77,145)	(83,180)	(95,435)	(111,042)	(112,613)
Transfers	9,095,890	9,660,130	9,832,686	14,502,550	11,203,329	11,135,378	11,016,551
Total governmental activities							
Business-type activities:							
Investment earnings	168	147	142	226	618	198	145
Transfers	77,712	71,190	77,145	83,180	95,435	111,042	112,613
Total business-type activities	77,880	71,337	77,287	83,406	96,053	111,240	112,758
Total district-wide	<u>9,173,770</u>	<u>9,731,467</u>	<u>9,909,973</u>	<u>14,585,956</u>	<u>11,299,382</u>	<u>11,246,618</u>	<u>11,129,309</u>
<b>Change in Net Assets</b>							
Governmental activities	(482,495)	(622,740)	(866,883)	3,350,260	(905,430)	(561,009)	(1,372,066)
Business-type activities	7,667	(39,077)	1,339	(19,586)	(44,877)	5,471	94,047
Total district	<u>(474,828)</u>	<u>(661,817)</u>	<u>(865,544)</u>	<u>3,330,674</u>	<u>(950,307)</u>	<u>(555,538)</u>	<u>(1,278,019)</u>

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

Source: CAFR Schedule A-2

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

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

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

Source: CAFR Schedule B-1

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

	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>							
Tax levy	8,295,369	8,695,369	8,814,543	10,065,488	10,173,118	10,173,118	10,173,118
Tuition charges	507,944	547,913	674,366	756,441	791,419	822,310	921,101
Interest earnings	22,041	20,299	33,873	70,284	107,930	73,291	40,293
Miscellaneous	121,183	99,484	95,201	99,363	134,942	85,640	3,956
Local sources	17,376	18,928	23,589	19,290	55,745	98,823	70,685
State sources	1,381,289	1,566,577	1,601,117	1,740,001	1,992,247	2,010,726	1,561,634
Federal sources	257,047	283,866	278,856	255,363	281,985	275,066	238,203
<b>Total revenue</b>	<b>10,602,249</b>	<b>11,232,436</b>	<b>11,521,545</b>	<b>13,006,230</b>	<b>13,537,386</b>	<b>13,538,974</b>	<b>13,008,990</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction	3,336,259	3,501,315	3,326,526	3,724,600	3,524,097	3,535,494	3,852,547
Special education instruction	371,836	320,117	301,347	314,132	331,302	351,422	377,386
Other special instruction	211,764	194,971	209,357	228,481	212,028	216,183	221,675
Other instruction	295,373	289,185	299,637	306,876	345,391	340,432	61,018
Nonpublic school programs	59,491	70,399	52,347	51,245	69,505	55,575	-
<b>Support Services:</b>							
Tuition	1,344,778	1,785,900	1,976,926	2,294,753	2,309,581	2,448,833	2,777,429
Student & instruction related services	837,498	814,503	909,229	921,043	1,066,386	1,167,289	1,311,368
General administrative services	551,805	542,714	473,367	455,801	507,300	519,687	611,383
School Administrative services	289,306	295,102	232,409	216,516	233,993	232,374	240,961
Administrative Information Technology					10,174	13,680	14,228
Plant operations and maintenance	1,339,685	1,450,456	1,549,618	1,588,408	1,552,958	1,403,395	1,188,993
Pupil transportation	210,996	246,424	255,981	267,644	263,575	269,098	332,016
Unallocated employee benefits	1,392,676	1,603,374	1,712,861	1,902,251	2,292,621	2,286,656	1,939,389
Charter Schools	30,471	61,264	144,999	129,715	117,897	82,068	100,678
Capital outlay	264,386	122,896	135,769	3,486,730	119,944	27,841	80,741
<b>Total expenditures</b>	<b>10,536,324</b>	<b>11,298,620</b>	<b>11,580,373</b>	<b>15,888,195</b>	<b>12,956,752</b>	<b>12,950,027</b>	<b>13,109,812</b>
Excess (Deficiency) of revenues over (under) expenditures	65,925	(66,184)	(58,828)	(2,881,965)	580,634	588,947	(100,822)
<b>Other Financing sources (uses)</b>							
City of Margate	218,012	66,183	89,844				
Schools Construction Corporation				1,415,016			
State of NJ, Board of Public Utilities				2,026,333			
Adjustment for prior year encumbrances							3,731
Cancellation of prior year purchase orders							101
Transfers out	(67,189)	(71,190)	(77,145)	(83,180)	(93,435)	(111,042)	(112,613)
<b>Total other financing sources (uses)</b>	<b>150,823</b>	<b>(5,007)</b>	<b>12,699</b>	<b>3,358,169</b>	<b>(93,435)</b>	<b>(111,042)</b>	<b>(108,781)</b>
<b>Net change in fund balances</b>	<b>216,748</b>	<b>(71,191)</b>	<b>(46,129)</b>	<b>476,204</b>	<b>487,199</b>	<b>477,905</b>	<b>(209,603)</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Community Services	Rentals	Prior Year Refunds	Misc.	Total
2000	79,308	455,018	95,992			6,475	636,793
2001	95,692	344,230	117,886	1,200	42,183	1,893	603,084
2002	26,393	399,005	113,825	3,500	42,016	2,151	586,890
2003	22,041	507,944	116,507	3,000		1,676	651,168
2004	20,299	547,913	94,540	3,000		16,528	682,280
2005	33,873	674,366	92,783	1,160		1,258	803,440
2006	70,284	763,747	91,183	685		189	926,088
2007	107,930	791,419	81,011		53,644	287	1,034,291
2008	73,291	822,310	84,340	175		1,125	981,241
2009	40,293	921,101		1,800		2,156	965,350

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	School Tax Rate <sup>b</sup>	Total Direct	Estimated Actual (County Equalized Value)
2000	24,226,800	1,164,309,300			62,074,300		11,681,000	1,262,291,400	-	1,315,917	1,263,607,317	0.562	1,293,619,284	1,293,619,284
2001	21,756,700	1,189,702,000			63,390,400		11,036,000	1,285,885,100	-	1,280,440	1,287,165,540	0.564	1,397,877,433	1,397,877,433
2002	21,821,000	1,203,219,900			61,407,000		10,684,800	1,297,132,700	-	1,176,978	1,298,309,678	0.605	1,510,892,212	1,510,892,212
2003	24,723,900	1,214,160,000			59,481,800		10,633,800	1,308,999,500	-	1,113,532	1,310,113,032	0.633	1,676,193,746	1,676,193,746
2004	22,181,800	1,243,330,400			57,211,100		6,152,100	1,328,875,400	-	870,704	1,329,746,104	0.654	2,116,419,074	2,116,419,074
2005	88,172,700	3,094,114,800			90,992,300		9,492,500	3,272,772,300	-	1,288,221	3,274,070,521	0.269	2,578,008,284	2,578,008,284
2006	66,234,400	3,146,143,700			87,519,500		7,984,300	3,307,881,900	-	1,188,239	3,309,070,139	0.304	3,226,472,444	3,226,472,444
2007	60,952,800	3,202,948,900			88,380,100		8,149,300	3,360,431,100	-	1,056,150	3,361,487,250	0.303	3,817,269,191	3,817,269,191
2008	50,002,800	3,258,966,500			90,548,900		7,269,200	3,406,787,400	-	1,059,306	3,407,846,706	0.299	3,869,914,497	3,869,914,497
2009	47,591,800	3,289,114,700			90,781,000		6,712,000	3,434,199,300	-	1,090,530	3,435,289,830	0.296	3,901,078,617	3,901,078,617

Source: District records Tax list summary & Municipal Tax Assessor

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

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

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

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

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

Fiscal Year Ended June 30,	City of Margate Board of Education				Total Direct and Overlapping Tax Rate	
	General		Total Direct	City of Margate		Atlantic County
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>				
2000	0.568	0.051	0.619	0.937	2.052	
2001	0.587	0.090	0.677	0.949	2.159	
2002	0.622	0.101	0.723	0.978	2.247	
2003	0.648	0.113	0.762	0.994	2.334	
2004	0.658	0.111	0.769	1.067	2.506	
2005	0.288	0.045	0.333	0.496	1.124	
2006	0.306	0.045	0.351	0.530	1.204	
2007	0.303	0.044	0.347	0.518	1.180	
2008	0.299	0.044	0.343	0.561	1.210	
2009	0.293	0.043	0.336	0.581	1.247	

\* Revaluation of properties effective for the 2005 tax year

Source: District Records and Municipal Tax Collector

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

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.



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

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Taxpayer #1	6,449,400	1	0.19%	3,397,900	1	0.27%
Taxpayer #2	4,550,700	2	0.13%	2,247,000	2	0.18%
Taxpayer #3	4,542,400	3	0.13%	1,596,000	3	0.13%
Taxpayer #4	4,348,600	5	0.13%	1,554,100	5	0.12%
Margate Partners, LLC	4,075,700	6	0.12%	1,554,300	4	0.12%
Margate Bridge Company	3,740,900	7	0.11%	1,422,000	6	0.11%
Taxpayer #5				1,238,500	8	0.10%
Holy Name Province				1,391,500	7	0.11%
Taxpayer #6	3,548,000	8	0.10%	1,238,500	9	0.10%
JJM Trust						
Samanda Properties, LLC	4,539,100	4	0.13%			
Taxpayer #7	3,511,400	9	0.10%	1,237,400	10	0.10%
Center Point Plaza @ Turchi	3,432,400	10	0.10%			
<b>Total</b>	<b>42,738,600</b>		<b>1.24%</b>	<b>16,877,200</b>		<b>1.34%</b>

Total Assessed Value 1,263,607,317

3,434,199,300

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

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2000	7,105,369	7,105,369	100%	-
2001	7,255,369	7,255,369	100%	-
2002	7,855,369	7,855,369	100%	-
2003	8,295,369	8,295,369	100%	-
2004	8,695,369	8,695,369	100%	-
2005	8,814,543	8,814,543	100%	-
2006	10,065,488	10,065,488	100%	-
2007	10,173,118	10,173,118	100%	-
2008	10,173,118	10,173,118	100%	-
2009	10,173,118	10,173,118	100%	-

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

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**CITY OF MARGATE SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2000	23,600,000	-	-	-	-	23,600,000	0.13%	30,027
2001	24,800,000	-	525,000	-	-	25,325,000	0.12%	31,526
2002	24,540,000	-	430,310	-	-	24,970,310	0.12%	30,893
2003	24,484,500	-	330,725	-	-	24,815,225	0.13%	31,280
2004	18,440,000	-	225,991	-	-	18,665,991	0.17%	31,808
2005	17,815,000	-	115,843	-	-	17,930,843	0.18%	32,712
2006	16,465,000	-	-	-	-	16,465,000	0.21%	33,924
2007	15,740,000	-	-	-	-	15,740,000	0.22%	35,276
2008	14,965,000	-	-	-	-	14,965,000	0.24%	36,325
2009	14,165,000	-	-	-	-	14,165,000	0.26%	36,325

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

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

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

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2000	23,600,000	-	23,600,000	1.87%	2,879
2001	24,800,000	-	24,800,000	1.93%	3,020
2002	24,540,000	-	24,540,000	1.89%	2,976
2003	24,484,500	-	24,484,500	1.87%	2,953
2004	18,440,000	-	18,440,000	1.39%	2,161
2005	17,815,000	-	17,815,000	0.54%	2,079
2006	16,465,000	-	16,465,000	0.50%	1,931
2007	15,740,000	-	15,740,000	0.47%	1,846
2008	14,965,000	-	14,965,000	0.44%	1,757
2009	14,165,000	-	14,165,000	0.41%	1,666

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

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

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

The City of Margate School District is a Type I District. As a result, debt related to the District is an obligation of the City of Margate.

**CITY OF MARGATE SCHOOL DISTRICT**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2009**  
*Unaudited*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
City of Margate	38,064,730	100.00%	38,064,730
Atlantic County	82,194,000	6.94%	5,701,107
<b>Other debt</b>			
None			
Subtotal, overlapping debt			43,765,837
<b>City of Margate School District debt</b>	14,165,000	100.00%	14,165,000
<b>Total direct and overlapping debt</b>			<b>\$57,930,837</b>

**Sources:** City of Margate Finance Officer and Atlantic County Finance Office

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Margate. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

The City of Margate School District is a Type I District. As a result, debt related to the District is an obligation of the City of Margate.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.



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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2000	8,196	258,387	31,526	3.50%
2001	8,213	253,724	30,893	3.30%
2002	8,245	257,904	31,280	4.10%
2003	8,292	263,752	31,808	4.30%
2004	8,532	279,099	32,712	3.70%
2005	8,571	290,763	33,924	4.60%
2006	8,526	300,763	35,276	5.10%
2007	8,515	309,307	36,325	5.10%
2008	8,501	308,799	36,325	5.10%
2009	8,501	308,799	36,325	6.40%

**Source:**

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

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

c Per Capita Income US Department of Commerce, Bureau of Economic Analysis, April 25, 2007

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

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

Employer	2009			2000		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Not Available		1	0.00%	Not Available		0.00%
		2	0.00%			0.00%
		3	0.00%			0.00%
		4	0.00%			0.00%
		5	0.00%			0.00%
		6	0.00%			0.00%
		7	0.00%			0.00%
		8	0.00%			0.00%
		9	0.00%			0.00%
		10	0.00%			0.00%
			0.00%			-

**Source: City of Margate Chief Financial Officer**

The City does not maintain the above statistical data

GASB requires this table to present the principal taxpayers for the current year and nine years ago, however information from 2000 was not available.



**CITY OF MARGATE SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Seven Fiscal Years**  
*Unaudited*

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

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

**Source: District Personnel Records**

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Intermediate School	Middle School				
2000	617	8,656,773	14,030	#REF!	71	18.0:1			624	594	-3.41%	95.19%
2001	609	9,700,994	15,929	13.53%	74	11.0:1			611	581	-2.08%	95.09%
2002	614	9,774,081	15,919	-0.07%	68	10.5:1			600	580	-1.80%	96.67%
2003	584	10,352,280	17,727	11.36%	69	09.9:1	11.6:1		586	556	-2.33%	94.88%
2004	587	11,246,914	19,160	8.09%	70	10.0:1	10.9:1		587	552	0.17%	94.04%
2005	573	11,657,518	20,345	6.18%	69	09.3:1	10.0:1		572	543	-2.56%	94.93%
2006	585	15,971,375	27,301	34.19%	67	10.3:1	12.9:1		584	552	2.10%	94.52%
2007	593	12,863,317	21,692	-20.55%	67	10.7:1	9.1:1		571	546	-2.23%	95.62%
2008	548	12,838,985	23,429	8.01%	60	12.1:1	12.7:1		541	508	-5.31%	94.03%
2009	609	12,997,199	21,342	-8.91%	57	10.9:1	9.9:1		588	553	8.75%	94.05%

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

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**CITY OF MARGATE SCHOOL DISTRICT**  
**School Building Information**  
**Last Nine Fiscal Years**  
*Unaudited*

<u>District Building</u>	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Union Avenue Elementary School</b>									
Square Feet	48,369	48,369	48,369	48,369	48,369	48,369	48,369	48,369	48,369
Capacity (students) (A)	227	227	227	227	227	227	227	227	227
Enrollment	198	187	178	184	186	225	225	204	231
<b>William H. Ross Middle School</b>									
Square Feet	79,487	79,487	79,487	79,487	79,487	79,487	79,487	79,487	79,487
Capacity (students) (A)	232	232	232	232	232	232	232	232	232
Enrollment	208	197	202	199	190	184	184	175	189
<b>Eugene A. Tighe Middle School</b>									
Square Feet	87,718	87,718	87,718	87,718	87,718	87,718	87,718	87,718	87,718
Capacity (students) (A)	237	237	237	237	237	237	237	237	237
Enrollment	206	220	209	214	198	195	184	169	189

Number of Schools at June 30, 2009  
 Elementary Schools - 1  
 Middle School - 2

**Source: District records, ASSA**  
 (A) - obtained from the District's Final Determination of Long Range Facilities Plan dated November 30, 2005.

**CITY OF MARGATE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**Last Nine Years**  
*Unaudited*

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

School Facilities	Project #	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>School Facilities</b>										
Union Avenue Elementary	00251.00	9,252	15,181	15,847	33,041	33,258	36,583	39,847	60,633	41,001
Eugene A. Tighe Middle	00251.00	41,416	67,956	70,973	58,163	60,180	61,208	72,085	72,191	74,357
William H. Ross III Intermediate	00251.00	29,960	49,160	51,341	52,718	62,957	60,011	65,314	65,418	61,072
<b>Grand Total</b>		<u>80,628</u>	<u>132,297</u>	<u>138,161</u>	<u>143,922</u>	<u>156,395</u>	<u>157,802</u>	<u>177,246</u>	<u>198,242</u>	<u>176,430</u>

## CITY OF MARGATE SCHOOL DISTRICT

### Insurance Schedule

June 30, 2009

*Unaudited*

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building & Contents	37,992,499	5,000
General Liability - Each Occurrence	1,000,000	
General Liability - General Aggregate	2,000,000	
Personal and Advertising Injury	1,000,000	
Damage to Premises	1,000,000	
Products and Completed Operations	2,000,000	
Employee Benefits Liability	1,000,000	1,000
Electronic Data	1,000,000	
Miscellaneous Property	100,000	1,000
Comprehensive Automotive Liability		
Combined Single Limit	1,000,000	
Medical Payments - each person	5,000	
Comprehensive and Collision		1,000
Additional Flood Coverage	5,000,000	50,000
Earthquake	5,000,000	250,000
EDP Including Software	2,500,000	5,000
Medical Expense (any one person)	10,000	
Utility Services Direct Damage	250,000	
Pollution Clean-up	100,000	5,000
Debris Removal	250,000	
Valuable Papers and Records	5,000,000	500
Extra Expense - Blanket	5,000,000	5,000
Food Spoilage	50,000	
Newly Acquired Property (Buildings and Contents, each)		
Real Property	250,000	
Personal Property	100,000	
Outdoor Property		
Trees, Shrubs and Plants	10,000	
Max per item	500	
Outside Signs (\$2,500 maximum per item)	10,000	
Miscellaneous School Property	250,000	
Accounts Receivable	100,000	
Money and Securities	50,000	1,000
Computer Fraud	50,000	1,000
Forgery or Alteration	50,000	1,000
School Music Ext. (Instruments, Uniforms)	100,000	1,000
Camera & Audio Visual Equipment	10,000	1,000
Contractor's Equipment	250,000	1,000
Federal Flood		
Granville & Winchester (William H. Ross School)	500,000	5,000
Amherst & Exeter (Eugene A. Tighe School)	500,000	5,000
Union & Winchester (Union Avenue School)	500,000	5,000
Student Accident Policy		
School Time Compulsory Student Accident - per injury	1,000,000	
24 Hour Wrap-around Plan - per injury	500,000	
Boiler and Machinery		
Property Damage	100,000,000	1,000
Blanket Business Income/Extra Expense	1,000,000	5,000
Ammonia Contamination	100,000,000	
Consequential Damage	100,000,000	
Hazardous Substance	250,000	
Service Interruption (Direct Damage)	100,000	
Ordinance or Law	250,000	
Umbrella Policy		
Umbrella Policy, each occurrence/annual aggregate	5,000,000	10,000
Public Employees' Faithful Performance Blanket		
Position Bond	250,000	5,000
School Board Legal Liability	5,000,000	10,000

Source: District Records.

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## **Single Audit Section**

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

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

We have audited the financial statements of the Board of Education of the City of Margate School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated October 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

We reported certain matters that we reported to the Board of Education of the City of Margate School District in a separate report entitled, *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated October 16, 2009.

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

*Robert E. Swartz, CPA*

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

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

October 16, 2009



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

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

Compliance

We have audited the compliance of the Board of Education of the City of Margate School District, in the County of Atlantic, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2009. The City of Margate Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City of Margate Board of Education's management. Our responsibility is to express an opinion on the City of Margate Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Margate Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Margate Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the City of Margate School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2009.

### Internal Control Over Compliance

The management of the Board of Education of the City of Margate School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Board of Education of the City of Margate School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the City of Margate School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance as for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Robert E. Swartz, CPA*

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

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

October 21, 2009

**CITY OF MARGATE SCHOOL DISTRICT**  
 (A Component Unit of the City of Margate)  
 Schedule of Expenditures of Federal Awards  
 for the Fiscal Year ended June 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2008	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustments	Balance at June 30, 2009		
											(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U. S. Department of Agriculture</b>													
<b>Passed-through State Department of Education</b>													
Enterprise Fund:													
Food Distribution Program	10.550		7/1/08 - 6/30/09	1,673	(2,487)		1,673	(1,673)					
National School Lunch Program	10.555		7/1/07 - 6/30/08	16,041			2,487						
National School Lunch Program	10.555		7/1/08 - 6/30/09	18,333			15,009	(18,333)					
					<u>(2,487)</u>	<u>0</u>	<u>19,169</u>	<u>(20,006)</u>	<u>0</u>	<u>0</u>	<u>(3,324)</u>	<u>0</u>	<u>0</u>
Total U.S. Department of Agriculture													
<b>U.S. Department of Education</b>													
<b>Passed-through State Department of Education</b>													
Special Revenue Fund:													
No Child Left Behind													
Title I, Part A Carryover	84.010	NCLB302008	9/1/07 - 8/31/08	41,929		15,840		(16,032)		192			
Title I, Part A	84.010	NCLB302008	9/1/07 - 8/31/08	41,929	15,840	(15,840)							
Title I, Part A	84.010	NCLB302009	9/1/08 - 8/31/09	36,400			7,612	(16,601)			(8,989)		
Title II, Part A	84.367	NCLB302009	9/1/08 - 8/31/09	25,162			11,710	(13,862)			(2,152)		207
Title II, Part A, Teachers & Principals Training	84.318	NCLB302008	9/1/07 - 8/31/08	290	207	(207)							
Title II, Part D, Enhancing Education Through Technology C/O	84.318	NCLB302008	9/1/07 - 8/31/08	290									
Title II, Part D, Enhancing Education Through Technology	84.318	NCLB302009	9/1/07 - 8/31/09	302									
Title II, Part D, Enhancing Education Through Technology	84.318	NCLB302009	9/1/08 - 8/31/09	2,261									
Title IV Sale & Drug Free Schools and Community, Carryover	84.186	NCLB302008	9/1/07 - 8/31/08	2,261	5	(5)							5
Title IV Sale & Drug Free Schools and Community	84.186	NCLB302009	9/1/07 - 8/31/09	1,208			800	(885)			(85)		
Title IV Sale & Drug Free Schools and Community	84.186	NCLB302008	9/1/07 - 8/31/08	876									1
Title V, Innovative Education Program Strategies	84.298	NCLB302008	9/1/07 - 8/31/08	876	1	(1)							
ID.E.A. Part B - Basic, Carryover	84.027	IDEA302007	9/1/06 - 8/31/07	186,268	3,685	(3,685)							3,685
ID.E.A. Part B - Basic, Carryover	84.027	IDEA302008	9/1/07 - 8/31/08	186,583	29,062	(29,062)		(28,308)					754
ID.E.A. Part B - Basic, Carryover	84.027	IDEA302009	9/1/07 - 8/31/09	162,080	29,062	(29,062)							
ID.E.A. Part B - Basic	84.027	IDEA302008	9/1/08 - 8/31/09	6,718			138,600	(159,038)			(20,438)		
ID.E.A. Part B - Preschool, Carryover	84.027	IDEA302008	9/1/07 - 8/31/08	6,012	3,796	(3,796)							1,372
ID.E.A. Part B - Preschool	84.027	IDEA302008	9/1/08 - 8/31/09	6,012									
ID.E.A. Part B - Preschool	84.027	IDEA302009	7/1/07 - 6/30/08	1,407	6	(6)							
REBEL II			7/1/08 - 6/30/09	780			780	(745)					35
					<u>52,602</u>	<u>0</u>	<u>159,502</u>	<u>(238,203)</u>	<u>0</u>	<u>192</u>	<u>(31,966)</u>	<u>6,059</u>	<u>0</u>
Total Special Revenue Fund													
Total Federal Financial Awards					<u>\$50,115</u>	<u>0</u>	<u>178,671</u>	<u>(258,209)</u>	<u>0</u>	<u>192</u>	<u>(35,290)</u>	<u>6,059</u>	<u>0</u>

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

**CITY OF MARGATE SCHOOL DISTRICT  
(A Component Unit of the City of Margate)  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2009**

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2008			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balances	Balance at June 30, 2009			MEMO		
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Carryover Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
General Fund:															
Categorical Transportation Aid	495-034-5120-014	7/1/08-6/30/09	118,158				118,158	(118,158)						10,584	118,158
Categorical Special Education Aid	495-034-5120-089	7/1/08-6/30/09	298,595				298,595	(298,595)						26,746	298,595
Categorical Security Aid	495-034-5120-084	7/1/08-6/30/09	44,621				44,621	(44,621)						3,997	44,621
Adjustment Aid	495-034-5120-085	7/1/08-6/30/09	446,357				446,357	(446,357)						39,980	446,357
Extraordinary Aid	100-034-5120-473	7/1/07-6/30/08	6,339	(6,339)											6,339
Extraordinary Aid	100-034-5120-473	7/1/07-6/30/08	6,339												6,339
Reimbursed Non Public Transportation Aid	N/A	7/1/08-6/30/09	11,152				10,285	(11,152)	(11,152)						11,152
Reimbursed Non Public Transportation Aid	N/A	7/1/07-6/30/08	10,285	(10,285)											10,285
Reimbursed TPAF Social Security Contributions	495-034-5095-006	7/1/07-6/30/08	328,662	(15,124)			15,124	(27,876)	(27,876)						27,876
Reimbursed TPAF Social Security Contributions	495-034-5095-006	7/1/08-6/30/09	352,036				352,036	(352,036)							328,662
<b>Total General Fund</b>				<b>(31,748)</b>	<b>0</b>	<b>0</b>	<b>1,291,515</b>	<b>(1,298,795)</b>	<b>0</b>	<b>(39,028)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81,307</b>	<b>1,644,081</b>
Special Revenue Fund:															
NJ Nonpublic Aid:															
Handicapped Services:															
Examination & Classification	100-034-5120-066	7/1/08-6/30/09	3,420				3,420								0
Corrective Speech	100-034-5120-066	7/1/08-6/30/09	2,790				2,790								0
Supplementary Instruction	100-034-5120-066	7/1/08-6/30/09	3,304				3,304								0
<b>Total Special Revenue Fund</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>9,514</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,514</b>	<b>0</b>
<b>State Department of Agriculture</b>															
Enterprise Fund:															
National School Lunch Program (State Share)	100-010-3350-023	7/1/07-6/30/08	937	(144)			144	(958)		(180)					837
National School Lunch Program (State Share)	100-010-3350-023	7/1/08-6/30/09	958				778								958
<b>Total Enterprise Fund</b>				<b>(144)</b>	<b>0</b>	<b>0</b>	<b>922</b>	<b>(958)</b>	<b>0</b>	<b>(180)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,895</b>
<b>Total State Financial Assistance</b>				<b>(631,892)</b>	<b>0</b>	<b>0</b>	<b>1,301,951</b>	<b>(1,298,753)</b>	<b>0</b>	<b>(39,208)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81,307</b>	<b>1,645,976</b>

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

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2009**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and NJ OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with NJSA 18A:22-44.2.

The net adjustment to reconcile from budgetary basis to GAAP basis is (\$39,903) for the general fund and (\$1,109) for the special revenue fund. See the following schedule and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general,

**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2009**

special revenue and food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>State Assistance:</b>				
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	1,298,795	0	958	1,299,753
Difference – budget to “GAAP” On-behalf payments recognized for GAAP statements but not included in the Schedule of Financial Assistance	301,633			301,633
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	41,404	1,109		42,513
State aid payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(81,307)	0		(81,307)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>1,560,525</u>	<u>1,109</u>	<u>958</u>	<u>1,562,592</u>



**City of Margate Board of Education  
(A Component Unit of the City of Margate)  
Notes to the Schedules of Financial Assistance  
June 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>Local Assistance:</b>				
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance		70,685		70,685
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		0		0
<hr/>				
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances		70,685		70,685
<hr/>				
<b>Federal Assistance:</b>				
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of Federal Awards		258,209	20,006	258,209
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		0		0
<hr/>				
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances		258,209	20,006	258,209
<hr/>				

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

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

**City of Margate Board of Education**  
**(A Component Unit of the City of Margate)**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2009**

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2009. 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, 2009.

**CITY OF MARGATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

***Part I -- Summary of Auditor's Results***

**Financial Statement Section**

Type of auditor's report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____ no	
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> _____ no	
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> _____ no	

**Federal Awards Section**

Not Applicable

Internal Control over major programs:			
1) Material weakness(es) identified?	_____ yes	_____ _____ no	
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ _____ no	
Type of auditor's report on compliance for major programs	_____		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____ yes	_____ _____ no	

Identification of major programs:

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

Dollar threshold used to determine Type A programs: \_\_\_\_\_

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

**CITY OF MARGATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

***Part I -- Summary of Auditor's Results***

**State Awards Section**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  no

Type of auditor's report on compliance for major programs \_\_\_\_\_  Unqualified  \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of NJ OMB Circular 04-04? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-0085	Adjustment Aid
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A programs: \_\_\_\_\_  \$300,000  \_\_\_\_\_

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no \_\_\_\_\_ n/a

**CITY OF MARGATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

*Part 2 -- Schedule of Financial Statement Findings*

None

*Part 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs*

None

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

*STATUS OF PRIOR YEAR FINDINGS*

None