

SCHOOL DISTRICT
OF
CITY
OF
VENTNOR

City of Ventnor Board of Education
Ventnor, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

DRAFT

Comprehensive Annual Financial Report

of the

City of Ventnor Board of Education

Ventnor, New Jersey

For the Fiscal Year Ended June 30, 2008

Prepared by

City of Ventnor Board of Education

Business Administration

DRAFT

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1-6
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9

FINANCIAL SECTION

Independent Auditor's Report	10-11
-------------------------------------	-------

Required Supplementary Information - Part Management's Discussion and Analysis	12-20
--	-------

Basic Financial Statements

A	District-wide Financial Statements:	
	A-1 Statement of Net Assets	21
	A-2 Statement of Activities	22
B	Fund Financial Statement	
	Governmental Funds:	
	B-1 Balance Sheet	23
	B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	24
	B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
	Proprietary Funds:	
	B-4 Statement of Net Assets	26
	B-5 Statement of Revenues, Expenses, and Changes in Net Assets	27
	B-6 Statement of Cash Flows	28
	Fiduciary Funds:	
	B-7 Statement of Fiduciary Net Assets	29
	B-8 Statement of Changes in Fiduciary Net Assets	30
	Notes to the Financial Statements	31-47

TABLE OF CONTENTS (continued)

	Required Supplemental Information - Part I	Page
C	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	48-57
	C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	58-59
	Notes to the Required Supplementary Information	
	C-3 Budget-to-GAAP Reconciliation	60
	Other Supplementary Information	
D	School Level Schedules:	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
	D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
	D-4 Schedule of DEOA Expenditures - Budget to Actual	N/A
E	Special Revenue Fund:	
	E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	61-63
	E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	64-66
	E-3 Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	67-69
	E-4 Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
	E-5 Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
	E-6 Targeted At-Risk Aid (TARA) Schedule of Expenditures - Budgetary Basis	70-73
F	Capital Projects Fund:	
	F-1 Summary Schedule of Project Expenditures	74
	F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	75
	F-2a Schedule of Project Revenues and Expenditures	76
G	Proprietary Funds	
	Enterprise Fund:	
	G-1 Combining Statement of Net Assets	N/A
	G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
	G-3 Combining Statement of Cash Flows	N/A

TABLE OF CONTENTS (continued)

		Page
	Internal Service Fund:	
	G-4 Combining Statement of Net Assets	N/A
	G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
	G-6 Combining Statement of Cash Flows	N/A
H	Fiduciary Funds:	
	H-1 Combining Statement of Fiduciary Net Assets	77
	H-2 Combining Statement of Changes in Fiduciary Net Assets	78
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	79
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	80
I	Long-Term Debt:	
	I-1 Schedule of Serial Bonds	N/A
	I-2 Schedule of Obligations under Capital Leases	81
	I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
 STATISTICAL SECTION (Unaudited) 		
J	Introduction to the Statistical Section	
	Financial Trends	
	J-1 Net Assets by Component	82
	J-2 Changes in Net Assets	83-84
	J-3 Fund Balances - Governmental Funds	85
	J-4 Changes in Fund Balances - Governmental Funds	86
	J-5 General Fund Other Local Revenue by Source	87
	Revenue Capacity	
	J-6 Assess Value and Estimated Actual Value of Taxable Property	88
	J-7 Direct and Overlapping Property Tax Rates	89
	J-8 Principal Property Taxpayers	90
	J-9 Property Tax Levies and Collections	91
	Debt Capacity	
	J-10 Ratios of Outstanding Debt by Type	92
	J-11 Ratios of General Bonded Debt Outstanding	93
	J-12 Direct and Overlapping Governmental Activities Debt	94
	J-13 Legal Debt Margin Information	95
	Demographic and Economic Information	
	J-14 Demographic and Economic Statistics	96
	J-15 Principal Employers	97
	Operating Information	
	J-16 Full-time Equivalent District Employees by Function/Program	98
	J-17 Operating Statistics	99
	J-18 School Building Information	100
	J-19 Schedule of Required Maintenance Expenditures by School Facility	101
	J-20 Insurance Schedule	102

TABLE OF CONTENTS (continued)

SINGLE AUDIT SECTION	Page
K-1 Report on Internal Controls over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	103-104
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	105-106
K-3 Schedule of Expenditures of Federal Awards, Schedule A	107
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	108
K-5 Notes to the Schedules of Awards and Financial Assistance	109-111
K-6 Schedule of Findings and Question Costs	
Part 1 - Summary of Auditor's Results	112-113
Part 2 - Schedule of Financial Statement Findings	114
Part 3 - Schedule of Federal and State Award Findings and Questioned Costs	114
K-7 Summary Schedule of Prior Audit Findings	114

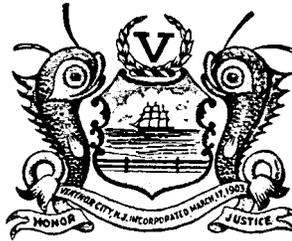
Introductory Section

DRAFT

DRAFT

Ventnor Educational Community Complex

Superintendent
CARMINE C. BONANNI, JR.
(609) 487-7918
Business Administrator/Board Secretary
JANN L. COHEN, CPA
(609) 487-7917



400 N. Lafayette Avenue
Ventnor City, New Jersey 08406
Fax (609) 822-0150
---Website---
VECC.ATLNET.ORG

October 15, 2008

Honorable President and
Members of the Board of Education
City of Ventnor School District
County of Atlantic

Dear Board Members:

The Comprehensive Annual Financial Report of the City of Ventnor School District for the fiscal year ending June 30, 2008, 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. 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 the principal officials. The financial section includes the basic financial statements and schedules, management's discussion and analysis, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section report.

1) **REPORTING ENTITY AND ITS SERVICES:** The City of Ventnor School District is an independent reporting entity 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 Ventnor Board of Education and all its schools constitute the District's reporting entity.

The Ventnor City Public School District operates two schools located on the same land site known as the Ventnor Educational Community Complex. The Elementary School houses grades Pre-Kindergarten through grade four. The Pre-Kindergarten and Kindergarten grades are housed in the Early Childhood Center. The Middle School houses grades five through eight. The district provides a full range of educational services appropriate to grade levels Pre-Kindergarten through eight. These programs include the following: a half-day four year old pre-school, a full-day kindergarten, state of the art computer technology opportunities for all children, computer assisted research and retrieval services through the Safari system housed in the Media Center, complete Art and Music curricula, Basic Skills, Drug Resistance Education, Gifted and Talented, World Languages study in French and Spanish, ESL and self-contained Bilingual Education, Health and Physical Education including intramurals and interscholastic opportunities, Regular and Special Education Programs, and a variety of community and recreational programs. The VECC houses an infant and pre-school day care program provided by an outside agency for the children of staff members. The district completed the 2007-2008 fiscal year with an enrollment of 946 students. The following details the changes in the student enrollment of the district over the last six years:

<u>Year</u>	<u>Enrollment</u>
2007 – 08	946
2006 – 07	956
2005 – 06	1,005
2004 – 05	1,071
2003 – 04	1,125
2002 – 03	1,150

2) **ECONOMIC CONDITION AND OUTLOOK:** The Ventnor City Public School District is located in a delightful seashore hamlet whose children, in grades PK through eight, constitute the student population of the District. Ventnor is immediately adjacent (south) to Atlantic City and approximately 60 miles from Philadelphia. Ventnor's year round (resident) population is a mixed socio-economic group. Geographically, Ventnor is located on an island. It is 1.7 miles in length and approximately three quarters of a mile in width, comprising 2.1 square miles overall. Ventnor is bounded on the northeast by Atlantic City, on the Southwest by Margate City, on the southeast by the Atlantic Ocean, and the northwest by the centerline of the main channel in the Beach Thoroughfare.

A three-person Board of Commissioners, elected at large every four years, governs the city. They govern a city that is almost entirely residential, whose year round population of about 11,500 increases to approximately 28,000 during the summer months. There are various houses of worship, which reflect the diverse population of Ventnor City. Residents are also affiliated with approximately 15 civic service organizations.

The over-all responsibility for the education of the PK-8 children lies with the District's Board of Education. The Board is a Type I Board of Education comprised of seven members, appointed by the Mayor for a term of three years. The New Jersey Department of Education classifies the Ventnor School District as District Factor B. The District Factor Group is based on socio-economic status.

The original school was built in 1970 with additions/renovations conducted in 1974, 1983 and 1997. The District newest renovation was completed in 2001. This project included 16 classrooms, new roofing over the oldest section of the building, renovated cafeteria and kitchen, some classrooms, and a new gym.

Upon promotion from grade eight at the Ventnor Complex, students attend Atlantic City High School through a sending-receiving relationship that has existed since the 1920's. The district paid tuition for 330 regular education and 22 special education students to the high school during the 2007-08 school year at a tuition rate of \$15,301 and \$20,498 per student respectively. A number of additional resident students attend local parochial and public schools at both the elementary and high school levels.

A Board of School Estimate works closely with both city and school officials and is responsible for approving the district's budget annually. For the 2008-2009 school year, the district will operate with a budget of \$19,959,301. The district's management team consists of a superintendent, business administrator/board secretary, an elementary school principal and a middle school principal, a director of curriculum and instruction, and a special education supervisor. The staff team employed by the district consists of 97 full or part-time certified instructional staff, 4 secretaries, 4 full and 1 part-time clerk typist, 15 full time support staff, and 34 part-time support personnel. In addition, a Child Study Team is available. The team consists of a special education supervisor, who also serves as school social worker, a learning disabilities teacher consultant, a school psychologist and speech and occupational therapists.

The Board of Education continues its efforts to increase curricular offerings to meet student needs. Among these offerings are improved math and science instruction delivery systems, up to date curricula, computer technology programs, language arts, world language programs, gifted and talented programs as well as distance learning opportunities. Other noteworthy program services to students include guidance services, after school homework club, accelerated reading programs, summer reading programs, drug awareness programs, peer mediation programs, character education programs, and bilingual/ESL programs provided on a regular basis during the school year with participation based on student needs. The 21st Century Community Learning Center Program Grant provides the school and community with a wide variety of after school and summer educational and recreational activities.

The school district's student population has consistently decreased in recent years showing its highest enrollment of 1150 students in the 2002-2003 school year. At that time the Board of Education and the Board of School Estimate, (anticipating a consistent growth in student population) established a three-phase building program.

Phase I, was completed in August of 1996. It included the renovations of existing space into classrooms and Phase II that included the construction of eight additional full-sized classrooms, four small group instruction classrooms, a computer lab, and a media center. The 16,000 square foot Phase II addition was completed in August 1997. The Board of Education also invested in a computer network infrastructure to assist in meeting students' technology needs. A Phase III construction/renovation project added an additional 16 classrooms. Ten of these classrooms serve as an Early Childhood Center to accommodate the needs of full day kindergarten and half-day pre-kindergarten programs. A new gymnasium, reading room for lower elementary students, child study team offices, board office area, music classrooms (instrumental and vocal), renovated kitchen and cafeteria, reconfigured bus, car, foot traffic patterns and additional parking are among the additions and renovations. Phase III added approximately 45,000 square feet to the site improvements.

Ventnor City and its public school are richly diverse and multi-cultural. At the school site, the minority student population has increased from 9% in 1989 to 52% in 2008. Our ESL (English as a Second Language) Program and our bilingual program assist in supporting a complement of programs to meet the needs of all of our students.

The Board of Education's goals continue to focus on high academic achievement. The Board provides a multi-cultural environment that promotes student growth and development of all our children. Our mission is to provide all students with quality education programs that will assist in preparing them for a fruitful and productive future.

The Board of Education promotes the use of technology for our students. To meet this goal, the district continues to purchase new computers along with monitors and laser disc players that are used by students throughout the district. The facilities plan includes wireless technology building-wide in five years. Our media center/library has also been upgraded to include networked computers and other state-of-the-art technology. The multi-media distribution system has been completed and is in use. E-boards and a Connect – Ed phone notification system were put in use during the 2004-2005 school year to enhance parent and community communication. The computer network infrastructure has received praise throughout Atlantic County and the State of New Jersey. The district curricula review and revision supports the correlation to the Core Curriculum Standards and the review is on going. The school district promotes character-building programs. "Character Counts" which stresses conduct of "Respect, Responsibility and Citizenship," Social Skills Streaming programs, and Violence and Vandalism Awareness are among the programs offered in this area. The district is fortunate to have an active HSA (Home School Association) that works to assist in funding student programs and activities. Atlantic County officials have also commended us for our meaningful intergenerational programs and activities aimed at strengthening the bonds between seniors and students in the community.

The Ventnor City Public School is a community concerned and committed to providing a quality education that meets the needs of its students.

3) **MAJOR INITIATIVES:** The Board of Education has endorsed many initiatives for the district. It continues its commitment to providing cutting edge opportunities to incorporate technology into the classroom setting and instruction. Students receive regular instruction in the use of technology. In addition, a majority of classrooms have at least four computers. Internet access is available to all students and staff in the district through stand alone and laptop computers. The district has updated all curricula and aligned them with the Core Curriculum Standards. The largest and most encompassing initiative was the Phase III addition and renovations to the facility. They provide much needed instructional space as well as satellite service areas.

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 is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principals (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 management.

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

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

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 fund and the special revenue fund. 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations to 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.

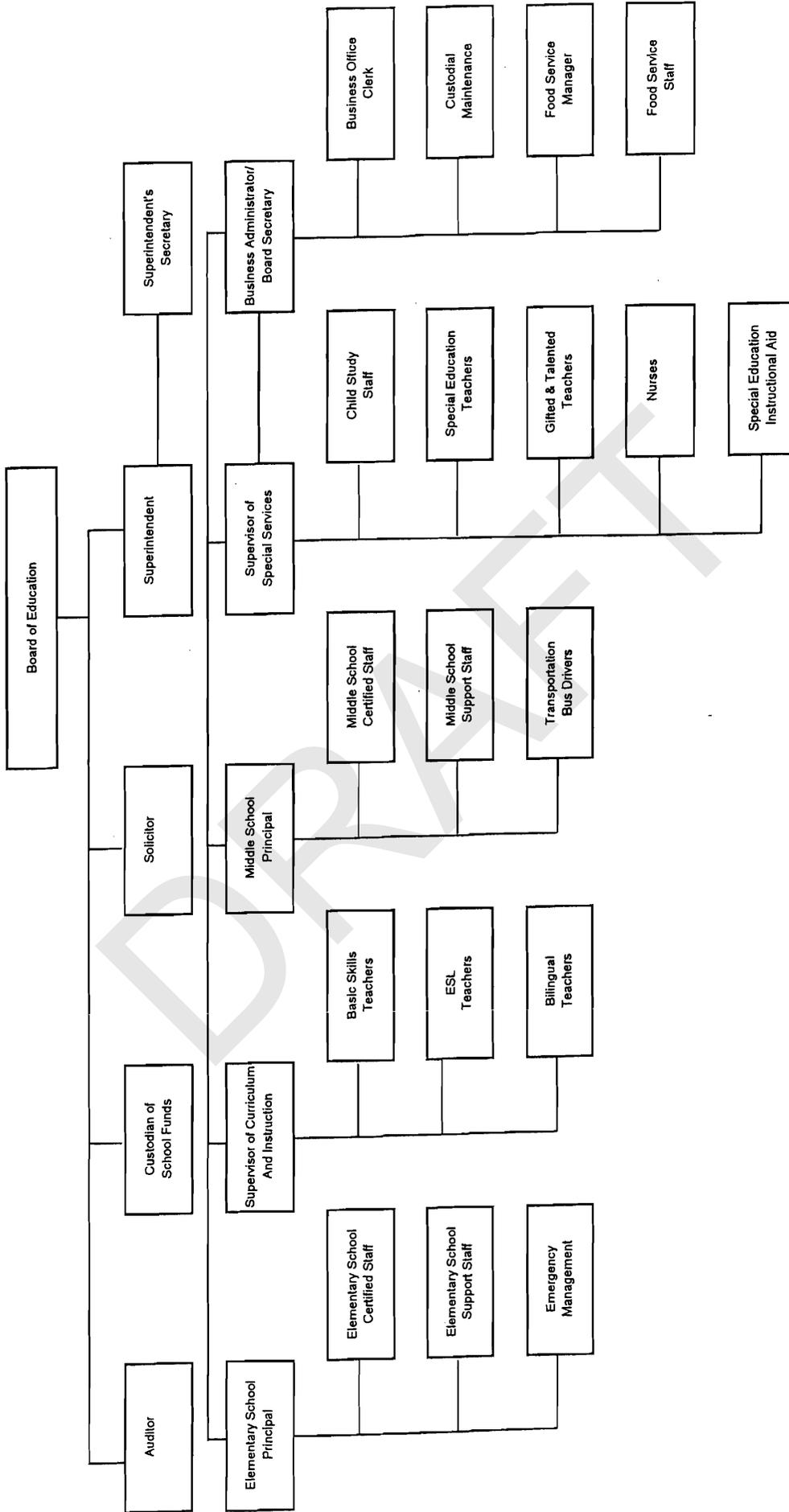
- 7) **DEBT ADMINISTRATION**: The District is a Type I district, which means that none of the debt is included on the books of the school district. Debt service is budgeted and paid by the City of Ventnor.
- 8) **CASH MANAGEMENT**: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 1. The District has adopted a cash management plan which requires it to deposit public funds in Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 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 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 the Alliance of Governmental Auditors, LLC, CPAs, was selected by the Board’s Finance Committee. In addition to meeting the requirements set forth in the state statutes, the audit is designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 04-04. The auditor’s report on the basic financial statements and combining and individual fund statements and schedules are 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) **ACKNOWLEDGEMENTS**: We would like to express our appreciation to the members of the City of Ventnor School 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,

Carmine C. Bonanni, Jr.
Superintendent

Jann L. Cohen, CPA
Board Secretary/
Business Administrator

VENTNOR CITY SCHOOL DISTRICT
Organizational Chart



CITY OF VENTNOR BOARD OF EDUCATION

**Roster of Officials
June 30, 2008**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Larry Pacentrilli, President	2010
David Laveson, Vice President	2011
Joan Glick	2010
Misa Martinelli	2011
Thomas Gabriel	2011
Marianne Callahan	2009
Nelson Morgan	2009

Other Officials

- Carmine C. Bonanni, Jr., Superintendent
- Jann Cohen, CPA, School Business Administrator/Board Secretary
- Charles Beirne, Treasurer
- Dennis M. Tuohy, Esq., Solicitor

CITY OF VENTNOR BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Alliance of Governmental Auditors, LLC
Certified Public Accountants
1409 Cantillon Blvd.
PO Box 548
Mays Landing, NJ 08330

Attorney

Dennis M. Tuohy, Esq.
4707 Atlantic Avenue
Atlantic City, NJ 08401

Official Depository

Ocean City Home Savings and Loan
6302 Ventnor Avenue
Ventnor, NJ 08046

Financial Section

DRAFT

**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

Independent Auditor's Report

Honorable President and
Members of the Board of Education
City of Ventnor 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 Ventnor School District (a component unit of the City of Ventnor) in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2008, 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 Ventnor Board of Education's (a component unit of the City of Ventnor) 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, of the City of Ventnor Board of Education (a component unit of the City of Ventnor), in the County of Atlantic, State of New Jersey, as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows 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 15, 2008 on our consideration of the City of Ventnor Board of Education's (a component unit of the City of Ventnor) 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 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 Ventnor Board of Education's (a component unit of the City of Ventnor) basic financial statements. The introductory section, combining and individual fund financials statements and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures 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 not a required part of the basic financial statements of the City of Ventnor Board of Education (a component unit of the City of Ventnor) in the County of Atlantic, State of New Jersey. The combining and individual fund financial statements and the schedules of expenditures 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.

Kenneth Moore, CPA

Licensed Public School Accountant
No. CS00499

Alliance of Governmental Auditors, LLC

Alliance of Governmental Auditors, LLC
Certified Public Accountants

October 15, 2008

Required Supplemental Information
Part I

DRAFT

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Ventnor School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2008. 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 approximately \$265,000. The decrease is due to depreciation expense offset by a decrease in the accrual for compensated absences.
- The State of New Jersey reimbursed the District \$1,351,125 during the fiscal year ended June 30, 2008 for the employer's share of social security contributions and pension contributions for TPAF members as calculated on their base salaries. This amount, which is not budgeted, is 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, 2008, the District had excess fund balance in the amount of \$859,951 of which \$415,094 has been included in the 2009-2010 budget and the remaining \$444,857 will be included in the 2010-2011 budget.
- During the fiscal year ended June 30, 2008, the District's expenditures and special items exceeded revenues by \$260,720. During the prior fiscal year, expenditures exceeded revenues and extraordinary items by approximately \$475,110.
- In the District's business-type activities, net assets decreased approximately \$5,253 due to increased product costs.

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, 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 after school program.
 - *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. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 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 City of Ventnor Board of Education's
Government-wide and Fund Financial Statements
(Figure A-1)**

	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 after school programs and student activities	Activities the District operates similar to private businesses; food service and after school programs	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 Statement of activities	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 non-financial factors such as changes in the City’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, transportation, 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 program and after school program 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 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 approximately \$260,720 between fiscal years 2007 and 2008. The business-type activities net assets increased due to increased operating profits of the food service program.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 1,864,129	1,766,355	291,903	217,144	2,156,032	1,983,499
Capital assets	18,961,304	19,623,972	64,382	75,896	19,025,686	19,699,868
Total assets	20,825,433	21,390,327	356,285	293,040	21,181,718	21,683,367
Long-term liabilities	541,895	817,983			541,895	817,983
Other liabilities	452,072	480,158	7,405	38,907	459,477	519,065
Total liabilities	993,967	1,298,141	7,405	38,907	1,001,372	1,337,048
Net assets						
Invested in Capital Assets	18,726,373	19,244,963	64,382	75,896	18,790,755	19,320,859
Restricted	929,063	1,023,495			929,063	1,023,495
Unrestricted	176,030	(176,272)	284,498	278,237	460,528	101,965
Total net assets	\$ 19,831,466	20,092,186	348,880	354,133	20,180,346	20,446,319

Changes in net assets. The total general fund revenue of the District decreased approximately \$316,000 due a decrease in local tax levy of \$403,000 offset by an increase in state aid of \$113,000. The local tax levy is 73% of total revenues. The municipality levies this tax on properties located in the City and remits the collections on a monthly basis to the District.

Approximately 14% of the District's revenue comes from the State of New Jersey in the form of non-restricted state aid. This aid is based on the District's enrollment as well as other factors such as legislative funding of the CEIFA formula. The District expenses are primarily related to instruction, administration, and plant operations.

	2006		2005	
	2008 Amount	Percentage	2007 Amount	Percentage
Property taxes	\$ 15,193,897	72.75%	15,597,115	73.56%
Unrestricted Federal and State aid	2,967,330	14.21%	1,506,811	7.11%
Transportation	193,637	0.93%	202,611	0.96%
Miscellaneous	92,977	0.45%	104,111	0.49%
Operating grants and contributions	2,436,147	11.67%	3,793,334	17.89%
Totals	\$ 20,883,988	100.00%	21,203,982	100.00%

Governmental Activities

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

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenue						
Charges for services	193,637		167,599	176,798	361,236	176,798
Federal and state grants	2,436,147	3,793,334	269,867	254,019	2,706,014	4,047,353
General revenues						
Property taxes	15,193,897	15,597,115			15,193,897	15,597,115
Transportation	-	202,611			-	202,611
State aid entitlements	2,967,330	1,506,811			2,967,330	1,506,811
Miscellaneous	87,308	104,111	590	658	87,898	104,769
Total revenues	20,878,319	21,203,982	438,056	431,475	21,316,375	21,635,457
Expenses						
Instruction:						
Regular	6,802,276	6,843,535			6,802,276	6,843,535
Special Education	1,087,182	1,001,666			1,087,182	1,001,666
Other special instruction	676,435	575,558			676,435	575,558
Other Instruction	65,585	54,761			65,585	54,761
Non-Public Programs	108,535	95,624			108,535	95,624
Support services:						
Instruction	7,534,365	8,013,683			7,534,365	8,013,683
Student & instruction related	1,199,721	1,087,329			1,199,721	1,087,329
School admin services	572,322	554,852			572,322	554,852
General admin services	385,097	352,068			385,097	352,068
Plant operations/maint	1,355,316	1,367,848			1,355,316	1,367,848
Pupil transportation	1,014,522	1,320,246			1,014,522	1,320,246
Business and other support services	343,352	295,347			343,352	295,347
Capital Outlay	-	108,269			-	108,269
Business-type activities			443,309	429,172	443,309	429,172
Total expenses	21,144,708	21,670,786	443,309	429,172	21,588,017	22,099,958
Excess (Deficiency) before						
Extraordinary and Special items	(266,389)	(466,804)	(5,253)	2,303	(271,642)	(464,501)
Special items						
Escrow Balance applied to leases	5,669				5,669	-
Loss on the disposal of fixed assets		(8,306)			-	(8,306)
Increase (decrease) in net assets	(260,720)	(475,110)	(5,253)	2,303	(265,973)	(472,807)
Net assets – beginning	20,092,186	20,567,296	354,133	351,830	20,446,319	20,919,126
Net assets – ending	19,831,466	20,092,186	348,880	354,133	20,180,346	20,446,319

Business-type Activities

Operating revenues of the District's business-type activities decreased \$13,113 from the previous year and expenses increased by \$10,969.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,420,626 which is approximately \$124,257 higher than the beginning of the year.

General Fund Budgetary Highlights

As further explained in the notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type I School District, are approved by the Board of School Estimates annually. Transfers of appropriations that do not exceed 10% on a cumulative basis may be made by Board resolution at any time during the fiscal year. Transfers of appropriations that exceed 10% on a cumulative basis must be approved by the Commissioner of Education. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budget by approximately \$2,258. This is a result of interest income earned, transportation revenue and non-public transportation aid. Again, after adjusting for the Reimbursed TPAF Social Security Contribution, on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by approximately \$620,733.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the District had invested over \$18.9 million, net of depreciation, in a broad range of capital assets, including land, buildings and equipment. Refer to Note 4 for more detailed information.

	Governmental Activities		Business-type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 100,000	100,000			100,000	100,000
Buildings and Improvements	18,361,980	18,953,280			18,361,980	18,953,280
Equipment	499,324	570,692	64,382	75,896	563,706	646,588
Total	<u>\$ 18,961,304</u>	<u>19,623,972</u>	<u>64,382</u>	<u>75,896</u>	<u>19,025,686</u>	<u>19,699,868</u>

Long-term Debt

The District's debt consisted of capital leases for school buses, lighting retrofit and technology equipment in the amount \$234,931. The District is Type I and all other school debt is held by the City.

	Balance <u>June 30, 2007</u>	<u>Issued</u>	<u>Retired/ Adjusted</u>	Balance <u>June 30, 2008</u>
Obligations under Capital Leases	\$ 379,009		144,078	234,931
Compensated Absences Payable	438,974	54,306	186,316	306,964
Total	<u>\$ 817,983</u>	<u>54,306</u>	<u>330,394</u>	<u>541,895</u>

More detailed information about the District's long-term debt is presented in Note 5 to the financial statements.

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 400 N. Lafayette Avenue, Ventnor, New Jersey 08406.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2008.

DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-type funds as of June 30, 2008.

DRAFT

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 436,876	235,999	672,875
Receivables, net	16,235	9,223	25,458
Due from other governments	1,385,200	41,399	1,426,599
Internal Funds	(1,650)	1,650	-
Due from agency	27,468		27,468
Inventory		3,632	3,632
Capital assets not being depreciated:			
Land	100,000		100,000
Capital assets, net of accumulated depreciation	<u>18,861,304</u>	<u>64,382</u>	<u>18,925,686</u>
Total Assets	<u>20,825,433</u>	<u>356,285</u>	<u>21,181,718</u>
LIABILITIES			
Accounts payable	165,864	7,405	173,269
Payable to state government	931		931
Accrued Interest Payable	8,569		8,569
Deferred revenue	276,708		276,708
Noncurrent liabilities:			
Due within one year	182,940		182,940
Due beyond one year	358,955		358,955
Total liabilities	<u>993,967</u>	<u>7,405</u>	<u>1,001,372</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	18,726,373	64,382	18,790,755
Restricted for:			
Other purposes	929,063		929,063
Unrestricted	176,030	284,498	460,528
Total Net Assets	<u>\$ 19,831,466</u>	<u>348,880</u>	<u>20,180,346</u>

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Activities
For the Year Ended June 30, 2008**

Functions/Programs	Expenses	Indirect Expenses 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	\$ 5,672,808	1,129,468		1,863,315	(4,938,961)		(4,938,961)
Special education	906,330	180,852			(1,087,182)		(1,087,182)
Other special instruction	563,910	112,525			(676,435)		(676,435)
Other instruction	54,675	10,910			(65,585)		(65,585)
Non-Public Programs	90,480	18,055		87,442	(21,093)		(21,093)
Support services:							
Instruction	6,281,025	1,253,340		485,390	(7,048,975)		(7,048,975)
Student and Instruction Related Services	1,000,148	199,573			(1,199,721)		(1,199,721)
General Administration	321,036	64,061			(385,097)		(385,097)
School Administration	477,116	95,206			(572,322)		(572,322)
Operations and Maintenance	1,127,344	227,972			(1,355,316)		(1,355,316)
Student Transportation	831,443	183,079	193,637		(820,885)		(820,885)
Business and Other Support Services	286,236	57,116			(343,352)		(343,352)
Unallocated benefits	3,532,157	(3,532,157)			-		-
Total governmental activities	21,144,708	-	193,637	2,436,147	(18,514,924)	-	(18,514,924)
Business-type activities:							
After school program	10,304		20,973		10,669		10,669
Food Service	433,005		146,626	269,867	(16,512)		(16,512)
Total business-type activities	443,309		167,599	269,867	(5,843)	(5,843)	(5,843)
Total Primary Government	\$ 21,588,017		361,236	2,706,014	(18,514,924)	(5,843)	(18,520,767)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					15,193,897		15,193,897
Federal and State Aid Not Restricted					2,967,330		2,967,330
Miscellaneous Income					87,308	590	87,898
Special Items:							
Escrow Balance applied to leases					5,669		5,669
Total General Revenues, Special Items, Extraordinary Items, and Transfers					18,254,204	590	18,254,794
Change in Net Assets					(260,720)	(5,253)	(265,973)
Net Assets—beginning					20,092,186	354,133	20,446,319
Net Assets—ending					19,831,466	348,880	20,180,346

FUND FINANCIAL STATEMENTS

The combining and individual fund statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:

Governmental Funds - This section consists of the general, special revenue capital projects funds.

Proprietary Funds - This section consists of the food service fund and after school program. This fund is operated in a manner similar to a private business enterprise.

Fiduciary Funds - This section consists of the unemployment compensation insurance trust fund, the student activity fund, and the payroll agency fund.

DRAFT

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 198,561	238,315		436,876
Due from other funds	63,246			63,246
Receivables from other governments	1,318,323	66,877		1,385,200
Receivables, net	16,235			16,235
Total assets	<u>1,596,365</u>	<u>305,192</u>	<u>-</u>	<u>1,901,557</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	82,035	83,829		165,864
Due to other funds	1,650	35,778		37,428
Payable to Other Governments		931		931
Deferred revenue	34,670	242,038		276,708
Total liabilities	<u>118,355</u>	<u>362,576</u>	<u>-</u>	<u>480,931</u>
Fund Balances:				
Reserved for:				
Encumbrances	38,713			38,713
Capital Reserve	119,951			119,951
Maintenance Reserve	100,000			100,000
Excess surplus	444,857			444,857
Excess surplus - designated for Subsequent year's expenditures	415,094			415,094
Legally Restricted - unexpended additional spending proposal	15,571			15,571
Unreserved - Designated for Subsequent Year's Expenditures	30,399		-	30,399
Unreserved	313,425	(57,384)		256,041
Total Fund balances	<u>1,478,010</u>	<u>(57,384)</u>	<u>-</u>	<u>1,420,626</u>
Total Liabilities and Fund Balances	<u>\$ 1,596,365</u>	<u>305,192</u>	<u>-</u>	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$26,426,899, and the accumulated depreciation is \$6,802,927. 18,961,304

Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (8,569)

Long-term liabilities, including capital leases payable, are not due and payable in the current period therefore, are not reported as liabilities in the funds. (541,895)

Net assets of governmental activities 19,831,466

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local tax levy	\$ 15,193,897			15,193,897
Transportation	193,637			193,637
Miscellaneous	87,308			87,308
State sources	2,961,979	1,113,161		4,075,140
Federal sources	5,351	1,322,986		1,328,337
Total revenues	<u>18,442,172</u>	<u>2,436,147</u>	<u>-</u>	<u>20,878,319</u>
EXPENDITURES				
Current:				
Regular instruction	3,754,827	1,715,385		5,470,212
Special education instruction	875,900			875,900
Other special instruction	544,977			544,977
Other instruction	52,840			52,840
Non-Public Programs		87,442		87,442
Support services and undistributed costs:				
Instruction	5,584,753	485,390		6,070,143
Student and Instruction Related Services	966,569			966,569
General Administration	310,257			310,257
School Administration	461,097			461,097
Operations and Maintenance	1,104,109			1,104,109
Student Transportation	886,683			886,683
Business and Other Support Services	276,624			276,624
Unallocated Benefits	3,371,802	160,355		3,532,157
Capital outlay	95,096	-	19,956	115,052
Total expenditures	<u>18,285,534</u>	<u>2,448,572</u>	<u>19,956</u>	<u>20,754,062</u>
Excess (Deficiency) of revenues over expenditures	<u>156,638</u>	<u>(12,425)</u>	<u>(19,956)</u>	<u>124,257</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Capital Projects Fund	119,845			119,845
Transfer to General Fund			(119,845)	(119,845)
Increase in Capital Reserve	(119,951)			(119,951)
Transfer to Capital Reserve	119,951			119,951
Increase in Maintenance Reserve	(100,000)			(100,000)
Transfer to Maintenance Reserve	100,000			100,000
Total other financing sources and uses	<u>119,845</u>	<u>-</u>	<u>(119,845)</u>	<u>-</u>
Net change in fund balances	276,483	(12,425)	(139,801)	124,257
Fund balance—July 1	1,201,527	(44,959)	139,801	1,296,369
Fund balance—June 30	<u>\$ 1,478,010</u>	<u>(57,384)</u>	<u>-</u>	<u>1,420,626</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
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, 2008

Total net change in fund balances - governmental funds (from B-2) \$ 124,257

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 capital outlays exceeded depreciation in the period.

	Depreciation expense	(726,317)	
	Capital outlays	<u>63,651</u>	(662,666)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net assets 5,669

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 138,407

In the statement of activities, interest on capital leases in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an reduction in the reconciliation. (-) 1,603

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 (+). 132,010

Change in net assets of governmental activities \$ (260,720)

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities - Enterprise Funds		
	Food Service	After School Program (Non-major fund)	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 210,893	25,106	235,999
Due from other funds	1,650		1,650
Accounts receivable			
State	2,034		2,034
Federal	39,365		39,365
Other	9,223		9,223
Inventories	3,632		3,632
Total current assets	<u>266,797</u>	<u>25,106</u>	<u>291,903</u>
Noncurrent assets:			
Furniture, machinery & equipment	147,545		147,545
Less accumulated depreciation	<u>(83,163)</u>		<u>(83,163)</u>
Total noncurrent assets	<u>64,382</u>	<u>-</u>	<u>64,382</u>
Total assets	<u><u>331,179</u></u>	<u><u>25,106</u></u>	<u><u>356,285</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>7,405</u>	<u>-</u>	<u>7,405</u>
NET ASSETS			
Invested in capital assets net of accumulated depreciation	64,382		64,382
Unrestricted	<u>259,392</u>	<u>25,106</u>	<u>284,498</u>
Total net assets	<u><u>\$ 323,774</u></u>	<u><u>25,106</u></u>	<u><u>348,880</u></u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Fund		Total
	Food Service	After School Program (Non-major fund)	
OPERATING REVENUES:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 73,148		73,148
Daily Sales - Non-Reimbursable Programs	69,668		69,668
After School Program Revenue		20,973	20,973
Special Functions	3,810		3,810
Total Operating Revenues	146,626	20,973	167,599
OPERATING EXPENSES:			
Salaries	132,577	9,211	141,788
Employee Benefits	18,756	696	19,452
Other Purchased Services	21,477		21,477
General Supplies	474	397	871
Cost of Sales	248,208		248,208
Depreciation	11,513		11,513
Total Operating Expenses	433,005	10,304	443,309
Operating income (loss)	(286,379)	10,669	(275,710)
NONOPERATING REVENUES:			
State sources:			
State School Lunch Program	8,291		8,291
State School Breakfast Program	3,200		3,200
Federal sources:			
National School Lunch Program	178,485		178,485
National School Breakfast Program	42,492		42,492
National School Snack Program	14,750		14,750
Special Milk Program	637		637
Food Distribution Program	22,012		22,012
Interest Revenues	590		590
Total Nonoperating Revenues	270,457	-	270,457
Net Income/(loss)	(15,922)	10,669	(5,253)
Net Assets - July 1	339,696	14,437	354,133
Net Assets - June 30	\$ 323,774	25,106	348,880

See accompanying notes to the financial statements

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities -		
	Enterprise Fund		
	Food Service	After School Program (Non-major fund)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 149,301	20,973	170,274
Cash payments to employees for services	(151,333)	(9,907)	(161,240)
Cash payments to suppliers for goods and services	(281,654)	(397)	(282,051)
Net cash provided (used) by operating activities	<u>(283,686)</u>	<u>10,669</u>	<u>(273,017)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash received from state and federal reimbursements	247,098		247,098
Interfund loans created	110,650		110,650
Net cash provided by noncapital financing activities	<u>357,748</u>	<u>-</u>	<u>357,748</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of equipment	-		-
Net cash used by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	590		590
Net cash provided by investing activities	<u>590</u>	<u>-</u>	<u>590</u>
Net Increase in Cash and Cash Equivalents	74,652	10,669	85,321
Cash and Cash Equivalents, July 1	136,241	14,437	150,678
Cash and Cash Equivalents, June 30	<u>\$ 210,893</u>	<u>25,106</u>	<u>235,999</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (286,379)	10,669	(275,710)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Depreciation	11,513		11,513
Federal Commodities	22,012		22,012
Change in assets and liabilities:			
Increase in accounts receivable	2,675		2,675
Decrease in inventory	(2,005)		(2,005)
Increase in accounts payable	(31,502)	-	(31,502)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (283,686)</u>	<u>10,669</u>	<u>(273,017)</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Trust Funds	Agency Funds
	Unemployment Compensation Trust	
ASSETS		
Cash and cash equivalents	\$ 94,071	119,500
Accounts Receivable	5,000	
Due from payroll agency	4,273	
Total assets	103,344	119,500
LIABILITIES		
Due to the State of New Jersey	46	
Interfund accounts payable:		
Due to general fund	4,655	22,813
Due to unemployment compensation trust		4,273
Payable to student groups		14,964
Payroll deductions and withholdings		77,450
Total liabilities	4,701	119,500
NET ASSETS		
Held in trust for unemployment claims and other purposes	\$ 98,643	

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008

	Unemployment Compensation Trust
	2008
ADDITIONS	
Contributions:	
Employee Contributions	\$ 13,556
Board Contributions	5,000
Investment earnings:	
Interest	2,240
Total additions	20,796
DEDUCTIONS	
Unemployment claims	2,739
Total deductions	2,739
Change in net assets	18,057
Net assets—beginning of the year	80,586
Net assets—end of the year	\$ 98,643

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ventnor 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 Ventnor 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 Ventnor 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 Ventnor School District had an approximate enrollment at June 30, 2008 of 946 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 Ventnor. The City however reports on a regulatory basis of accounting which does not recognize component units. If the City followed generally accepted accounting principles (GAAP) reporting, the Board of Education would be a component unit of the City of Ventnor.

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, special revenue and capital project activities are classified as governmental activities. The District's food service and after school 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 and after school program). The functions are also supported by general government revenues (property taxes, transportation, 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, special education, 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, transportation, 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 Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

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.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds. As a Type I School District all debt is borne by the municipality rather than the school district.

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 funds consist of a food service fund and an after school program.

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. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008**

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. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

For the purpose of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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 Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

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). Interest earned on investments in the Capital Projects Fund is recognized in the District’s General Fund.

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, 2008, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	3,403
Supplies		<u>229</u>
	\$	<u>3,632</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:

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

Buildings	10-50 years
Machinery and equipment	5-20 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. These infrastructure assets are likely to be the largest asset class of the District. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

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 GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

6. Expenditures:

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

7. Compensated absences:

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

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

8. Interfund Activity:

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

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(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. No material transfers were made to/(from) budgetary line items.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

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 Payable

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

12. 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.

13. Allocation of Costs

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

F. RECENT ACCOUNTING PRONOUNCEMENTS

In July 2004, the Governmental Accounting Standards Board (GASB) adopted Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions." This statement will become effective for entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date for this entity is the fiscal year beginning July 1, 2008. This statement will require governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The impact on the financial position or results of operations can not be readily determined at this time.

NOTE 2. INVESTMENTS

As of June 30, 2008, the District had no investments.

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

Credit Risk. New Jersey Statutes 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

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, 2008, \$45,900 of the District's bank balance of \$1,890,701 was exposed to custodial credit risk.

{This sections is intentionally left blank}

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 100,000			100,000
Construction in Progress				-
Total capital assets not being depreciated	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Bldg and bldg improve	24,999,757	45,070		25,044,827
Machinery & equipment	1,327,142	18,585		1,345,727
Total at historical cost	<u>26,326,899</u>	<u>63,655</u>	<u>-</u>	<u>26,390,554</u>
Less accum depr for:				
Bldg and improve	(6,046,477)	(636,370)		(6,682,847)
Equipment	(756,450)	(89,953)		(846,403)
Total accum deprec	<u>(6,802,927)</u>	<u>(726,323)</u>	<u>-</u>	<u>(7,529,250)</u>
Total capital assets being depr, net of accum depr	<u>19,523,972</u>	<u>(662,668)</u>	<u>-</u>	<u>18,861,304</u>
Governmental activities capital assets, net	<u>\$ 19,623,972</u>	<u>(662,668)</u>	<u>-</u>	<u>18,961,304</u>
Business-type activities:				
Equipment	147,545			147,545
Less accum depr for:				
Equipment	(71,649)	(11,514)		(83,163)
Business-type activities capital assets, net	<u>\$ 75,896</u>	<u>(11,514)</u>	<u>-</u>	<u>64,382</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$	232,252
Special education		37,189
Other special instruction		23,138
Other instruction		259,967
Nonpublic programs		3,713
Student & instruction related services		41,038
School administrative expenses		19,577
General and business administration		13,173
Plant operations and maintenance		46,878
Pupil Transportation		37,646
Business and other Support Services		11,752
		\$ 726,323

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2008 was as follows:

	Balance June 30, 2007	Issued	Retired	Balance June 30, 2008	Amounts Due Within One Year
Obligations under Capital Leases	\$ 379,009		144,078	234,931	115,940
Compensated Absences Payable	438,974	54,306	186,316	306,964	67,000
	\$ 817,983	54,306	330,394	541,895	182,940

A. Bonds Payable – The City of Ventnor 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.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

B. Capital Leases – The district is leasing school buses, technology equipment and lighting retrofit totaling \$234,931 under capital leases. The leases are for terms of four and five years and include interest at a rate of 3.20% to 5.90% per annum. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2008.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	115,940	9,772	125,712
2010	85,354	5,294	90,648
2011	33,637	1,810	35,447
	<u>\$ 234,931</u>	<u>16,876</u>	<u>251,807</u>

The following schedule lists the equipment, along with the accumulated depreciation, that has been obtained through capital leases:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Remaining Value</u>
Transportation Equipment	\$645,976	288,934	357,042
Lighting Retrofit	72,556	63,573	8,983
Technology Equipment	95,000	68,281	26,719
	<u>\$813,532</u>	<u>420,788</u>	<u>392,744</u>

In July 2006 the District entered into a capital lease for various technology equipment. The equipment cost was less than the client's capitalization threshold and therefore is not being depreciated.

C. Unfunded Pension Obligations – The Board approved an “Early Retirement Incentive Program” permitted by State legislation during 1991 for certain members of the Teachers’ Pension and Annuity fund and Public Employees’ Retirement System. These members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1992. Six employees participated in the 1991 program. The School District will be assessed annually for the actuarially determined contribution to fund this program.

The balance on the unfunded pension obligation on June 30, 2008 amounted to \$0. The Board of Commissioners of the City of Ventnor City permanently financed this obligation by issuing Taxable Refunding School Bonds dated August 1, 2004. Principal and interest payments will be made by the City as the District is a Type I School District.

NOTE 6. PENSION PLANS

Description of Plans

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

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, 2008, 2007 and 2006 were \$491,261, \$514,060 and \$70,603 respectively, and paid by the State of New Jersey on behalf of the board, equal to the

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2008, 2007 and 2006 were \$100,018, \$37,021 and \$21,252 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2008, 2007 and 2006, the State of New Jersey contributed \$368,802, \$346,331, and \$352,281, 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 \$491,062, \$487,513, and \$472,627, 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 7. 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 post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 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 prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 which will increase the medical reserve by one half of 1% of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides 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 \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members.

NOTE 8. 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. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee and are capped based on the terms stated in the various contracts.

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

NOTE 9. DEFERRED COMPENSATION

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

Lincoln Investment Planning
Invesco
Siracusa
Acacia National
Amerprise
Legend Employee Benefit Account
Metlife Associates
Prudential
AXA Equitable

NOTE 10. 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.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2008

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2008 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 is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contrib/Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$ 5,000	\$ 15,796	\$ 2,739	\$ 98,643
2006-2007	5,000	15,859	16,328	80,586
2005-2006	5,000	14,824	14,586	76,055

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2008:

General Fund	\$ 63,246	1,650
Special Revenue Fund		35,778
Trust Fund	4,273	4,655
Agency Fund		27,086
Enterprise Fund	1,650	
Total	<u>\$ 69,169</u>	<u>69,169</u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. It is anticipated that all interfunds will be liquidated during the fiscal year. All governmental fund interfunds are eliminated in the governmental-wide statements, except for Due From Agency, which is a Fiduciary Fund.

NOTE 12. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation through the City of Ventnor to fund the District's operations. Property taxes funded 73% of the Districts 2007-2008 governmental operations.

NOTE 13. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,478,010 General Fund fund balance at June 30, 2008, \$38,713 is reserved for encumbrances; \$859,951 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$415,094 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2009); \$15,571 has been reserved as unexpended additional spending proposal funds; and has been appropriated in the budget for the year ending June 30, 2009; \$30,399 of unreserved fund balance has been appropriated in the budget for the year ending June 30, 2009; and \$313,425 is unreserved and undesignated.

NOTE 14. 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 pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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, 2008 is \$859,951.

NOTE 15. LITIGATION

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

NOTE 16. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$(57,384) in the Special Revenue Fund as of June 30, 2008 as reported in the fund statements (modified accrual basis). N.J.S.A.18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Required Supplementary Information
Part II

DRAFT

BUDGETARY COMPARISON SCHEDULES

The budgetary comparison schedules consist of the comparison of anticipated revenues and budgeted expenditures to actual results for the general and special revenue funds.

DRAFT

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 15,193,897	-	15,193,897	15,193,897	-
Transportation	205,000	-	205,000	193,637	(11,363)
Miscellaneous	80,000	-	80,000	87,308	7,308
Total - Local Sources	15,478,897	-	15,478,897	15,474,842	(4,055)
State Sources:					
Transportation Aid	364,427	-	364,427	364,427	-
Special Education Aid	608,896	-	608,896	608,896	-
Bilingual Education Aid	92,670	-	92,670	92,670	-
Stabilization Aid	100,000	-	100,000	100,000	-
Consolidated Aid	160,233	-	160,233	160,233	-
Additional Formula Aid	119,527	-	119,527	119,527	-
High Expectations for Learning Proficiency	118,319	-	118,319	118,319	-
Quality Teacher Mentoring	-	-	-	962	962
Extraordinary Aid	23,136	23,136	23,136	23,136	-
Nonpublic Transportation Aid	4,866	4,866	4,866	4,866	-
On-Behalf TPAF Pension Contributions (non-budgeted)	-	-	-	860,063	860,063
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	491,062	491,062
Total - State Sources	1,564,072	28,002	1,592,074	2,944,161	1,352,087
Federal Sources:					
Medicaid Reimbursement	-	-	-	5,351	5,351
Total - Federal Sources	-	-	-	5,351	5,351
Total Revenues	17,042,969	28,002	17,070,971	18,424,354	1,353,383

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	15,900	22,370	38,270	37,692	578
Kindergarten	10,950	-	10,950	6,568	4,382
Grades 1-5	1,956,200	128,850	2,085,050	2,085,033	17
Grades 6-8	1,377,200	(107,100)	1,270,100	1,270,093	7
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	-	20,000	15,423	4,577
Purchased Professional - Educational Services	4,000	(3,000)	1,000	168	832
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	12,600	(1,446)	11,154	7,051	4,103
Purchased Professional - Educational Services	18,300	-	18,300	17,000	1,300
Other Purchased Services (400-500 series)	45,507	818	46,325	45,048	1,277
General Supplies	160,309	(60,915)	99,394	94,265	5,129
Textbooks	35,872	800	36,672	28,780	7,892
Other Objects	12,500	-	12,500	7,078	5,422
Total Regular Programs	3,669,338	(19,623)	3,649,715	3,614,199	35,516
Special Education - Instruction:					
Multiple Disabilities					
Salaries of Teachers	71,600	(70,800)	800	-	800
Other Salaries for Instruction	23,887	(23,087)	800	-	800
General Supplies	500	-	500	-	500
Total Multiple Disabilities	95,987	(93,887)	2,100	-	2,100
Resource Room/Resource Center:					
Salaries of Teachers	531,800	132,100	663,900	662,999	901
Other Salaries for Instruction	98,800	8,600	107,400	100,780	6,620
General Supplies	5,500	-	5,500	5,229	271
Total Resource Room/Resource Center	636,100	140,700	776,800	769,008	7,792

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Preschool Disabilities - Part Time:					
Salaries of Teachers	16,000	-	16,000	15,640	360
Other Salaries for Instruction	44,900	(15,000)	29,900	28,124	1,776
Total Preschool Disabilities - Part Time	60,900	(15,000)	45,900	43,764	2,136
Home Instruction - Special					
Salaries of Teachers	30,000		30,000	21,330	8,670
Purchased Professional - Educational Services	42,000		42,000	41,798	202
Total Home Instruction - Special	-	72,000	72,000	63,128	8,872
Total Special Education - Instruction	792,987	103,813	896,800	875,900	20,900
Basic Skills/Remedial- Instruction					
Salaries of Teachers	119,650	39,000	158,650	153,941	4,709
Total Basic Skills/Remedial - Instruction	119,650	39,000	158,650	153,941	4,709
Bilingual Education - Instruction:					
Salaries of Teachers	449,100	(50,000)	399,100	386,190	12,910
General Supplies	9,800	-	9,800	4,846	4,954
Total Bilingual Education - Instruction	458,900	(50,000)	408,900	391,036	17,864
School Sponsored Cocurricular Activities - Instruction:					
Salaries	16,800	600	17,400	16,893	507
Purchased Services (300-500 Series)	500	400	900	861	39
Supplies and Materials	9,000	(400)	8,600	6,030	2,570
Other Objects	3,500	-	3,500	1,286	2,214
Total School Sponsored Cocurricular Activities - Instruction	29,800	600	30,400	25,070	5,330
School Sponsored Athletics - Instruction					
Salaries	22,300	-	22,300	18,595	3,705
Purchased Services	10,100	(600)	9,500	2,968	6,532
Supplies and Materials	10,800	-	10,800	5,026	5,774
Other Objects	2,200	-	2,200	1,181	1,019
Total School Sponsored Athletics - Instruction	45,400	(600)	44,800	27,770	17,030

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Total Instruction	5,116,075	73,190	5,189,265	5,087,916	101,349
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	4,775,891	(3,000)	4,772,891	4,771,971	920
Tuition to Other LEAs within the State - Special	268,468	10,066	278,534	272,494	6,040
Tuition to Co. Voc. School Dist. - Regular	6,420	-	6,420	6,420	-
Tuition to CSSD & Regional Day Schools	345,360	(60,589)	284,771	277,770	7,001
Tuition to Private Schools for the Disabled- Within State	175,274	(102,850)	72,424	48,371	24,053
Tuition - State Facilities	74,602	-	74,602	74,602	-
Tuition - Other	133,125	133,125	133,125	133,125	-
Total Undistributed Expenditures - Instruction	5,646,015	(23,248)	5,622,767	5,584,753	38,014
Undistributed Expenditures - Attendance and Social Work:					
Salaries	34,300	(19,300)	15,000	14,247	753
Other Purchased Services	20,250	6,500	26,750	26,750	-
Supplies and Materials	300	-	300	300	-
Total Undistributed Expenditures - Attendance and Social Work	54,850	(12,800)	42,050	41,297	753
Undistributed Expenditures - Health Services:					
Salaries	134,300	5,000	139,300	137,484	1,816
Purchased Professional and Technical Services	500	-	500	498	2
Other Purchased Service	774	-	774	399	375
Supplies and Materials	5,300	-	5,300	5,273	27
Total Undistributed Expenditures - Health Services	140,874	5,000	145,874	143,654	2,220
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	135,800	(21,876)	113,924	110,252	3,672
Purchased Professional Educational Services	10,000	43,350	53,350	50,058	3,292
Supplies and Materials	2,500	(1,350)	1,150	188	962
Total Undistributed Expenditures - Other Support Services - Students - Related Services	148,300	20,124	168,424	160,498	7,926

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Other Support Services - Extra. Serv.					
Salaries	54,200	14,100	68,300	66,894	1,406
Purchased Professional Educational Services	32,100	-	32,100	27,302	4,798
Total Undistributed Services - Other Support Services - Extra. Serv.	86,300	14,100	100,400	94,196	6,204
Undistributed Expenditures - Other Support Services -					
Students - Regular:					
Salaries and Other Professional Staff	114,400	-	114,400	113,491	909
Other Purchased Professional & Technical Services		3,800	3,800	3,800	-
Other Purchased Services	500	-	500	312	188
Other Objects	100	-	100	39	61
Supplies and Materials	7,900	(3,800)	4,100	3,583	517
Total Undistributed Expenditures - Other Support Services -	122,900	-	122,900	121,225	1,675
Students - Regular					
Undistributed Expenditures - Other Support Services -					
Students - Special					
Salaries of Other Professional Staff	159,200	-	159,200	148,486	10,714
Salaries of Secretarial and Clerical Assistants	34,600	(1,500)	33,100	31,413	1,687
Purchased Professional - Educational Services	11,600	350	11,950	11,459	491
Miscellaneous Purchased Services	1,500	-	1,500	963	537
Supplies and Materials	2,000	-	2,000	2,000	-
Total Undistributed Expenditures - Other Support Services -	208,900	(1,150)	207,750	194,321	13,429
Students - Special					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	65,800	-	65,800	64,270	1,530
Other Purchased Services (400-500)	2,490	-	2,490	2,490	-
Supplies and Materials	2,900	-	2,900	2,549	351
Other Objects	1,479	-	1,479	999	480
Total Undistributed Expenditures - Improv. of Instr. Services	72,669	-	72,669	70,308	2,361

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	107,300	(4,138)	103,162	103,162	-
Purchased Professional and Technical Services	11,815	-	11,815	10,068	1,747
Other Purchased Services (400-500 Series)	1,000	-	1,000	1,000	-
Supplies and Materials	30,720	(1,600)	29,120	26,840	2,280
Total Undistributed Expenditures - Educational Media Services - School Library	150,835	(5,738)	145,097	141,070	4,027
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	173,800	(1,500)	172,300	171,105	1,195
Legal Services	40,000	-	40,000	36,431	3,569
Audit Fees	16,000	-	16,000	15,900	100
Purchased Technical Services	3,000	-	3,000	3,000	-
Communications/Telephone	29,200	13,800	43,000	32,959	10,041
BOE Other Purchased Services	800	-	800	760	40
Other Purchased Services	30,475	2,250	32,725	31,799	926
General Supplies	7,000	2,950	9,950	5,232	4,718
BOE In-House Training/Meeting Supplies	500	-	500	212	288
Miscellaneous Expenditures	3,800	-	3,800	3,114	686
BOE Membership Dues & Fees	10,000	-	10,000	9,745	255
Total Undistributed Expenditures - Support Services - Gen. Admin.	314,575	17,500	332,075	310,257	21,818
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	188,600	-	188,600	187,800	800
Salaries of Other Professional Staff	82,700	-	82,700	82,679	21
Salaries of Secretarial and Clerical Assistants	150,500	34,000	184,500	148,754	35,746
Purchased Professional and Technical Services	6,700	-	6,700	6,624	76
Other Purchased Services	10,819	(1,000)	9,819	6,971	2,848
Supplies and Materials	16,360	1,945	18,305	18,223	82
Other Objects	9,500	1,000	10,500	10,046	454
Total Undistributed Expenditures - Support Serv. - School Admin.	465,179	35,945	501,124	461,097	40,027

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Central Services					
Salaries	135,800	19,100	154,900	154,465	435
Purchased Professional Services	12,100	3,500	15,600	13,368	2,232
Miscellaneous Purchased Services	6,400	1,500	7,900	6,560	1,340
Supplies and Materials	18,359	-	18,359	18,216	143
Miscellaneous Expenditures	1,780	-	1,780	1,728	52
Total Central Services	174,439	24,100	198,539	194,337	4,202
Administrative Information Technology					
Salaries	62,600	(100)	62,500	62,379	121
Purchased Professional Services	2,000	1,000	3,000	2,510	490
Other Purchased Services	11,300	-	11,300	10,198	1,102
Supplies & Materials	8,362	(1,000)	7,362	7,200	162
Total Administrative Information Technology	84,262	(100)	84,162	82,287	1,875
Undistributed Expenditures - Required Maintenance for School Facilities					
Cleaning Repairs and Maintenance Services	260,083	(2,000)	258,083	253,805	4,278
General Supplies	10,748	-	10,748	6,000	4,748
Total Undistributed Expenditures - Required Maintenance for School Facilities	270,831	(2,000)	268,831	259,805	9,026
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	29,800	250	30,050	29,871	179
Cleaning, Repair and Maintenance Services	433,975	(21,000)	412,975	409,851	3,124
Rental of Land & Building, Other Than Lease Purchase Agreement	1,000	-	1,000	943	57
Insurance	92,800	-	92,800	53,722	39,078
General Supplies	65,761	(3,125)	62,636	31,057	31,579
Energy (Heat and Electricity)	320,000	-	320,000	318,635	1,365
Other Objects	250	-	250	225	25
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	943,586	(23,875)	919,711	844,304	75,407

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transp. (Between Home and School)-Regular	371,800	(80,000)	291,800	281,516	10,284
Salaries for Pupil Transp. (Between Home and School)-Spec Ed	58,900	6,440	65,340	64,933	407
Salaries for Pupil Transp. (Other Than Between Home and School)	55,000	4,000	59,000	58,434	566
Cleaning, Repair and Maintenance Service	15,500	-	15,500	8,767	6,733
Rental Payment for School Buses	10,000	-	10,000	7,050	2,950
Lease Purchase Payments - School Buses	115,400	(20,000)	95,400	92,566	2,834
Contracted Services - (Between Home and School) - Vendors	66,100	125,000	191,100	190,259	841
Contracted Services - (Special Education) - Joint Agmnts	39,648	25,352	65,000	54,282	10,718
Contracted Services - Aid in Lieu of Payments-Non Public School	40,000	(5,486)	34,514	22,663	11,851
Miscellaneous Purchased Services - Transportation	21,500	-	21,500	15,992	5,508
Supplies and Materials	80,000	10,000	90,000	86,427	3,573
Other Objects	6,000	-	6,000	3,794	2,206
Total Undistributed Expenditures - Student Transportation Serv.	879,848	65,306	945,154	886,683	58,471
Unallocated Benefits:					
Social Security Contributions	150,000	(12,700)	137,300	113,979	23,321
TPAF Contributions - ERIP					
Other Retirement Contributions - Regular	97,000	3,018	100,018	100,018	-
Unemployment Compensation	5,000	-	5,000	-	5,000
Workmen's Compensation	77,000	-	77,000	70,062	6,938
Health Benefits	1,965,400	(191,031)	1,774,369	1,640,090	134,279
Tuition Reimbursements	15,000	-	15,000	6,000	9,000
Other Employee Benefits	115,400	1,934	117,334	90,528	26,806
Total Unallocated Benefits	2,424,800	(198,779)	2,226,021	2,020,677	205,344
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					
Total On-Behalf Contributions	-	-	-	1,351,125	(1,351,125)
Total Undistributed Expenditures	12,189,163	(85,615)	12,103,548	12,961,894	(858,346)
Total Current Expense	17,305,238	(12,425)	17,292,813	18,049,810	(756,997)

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Grades 1-5	7,000	(2,810)	4,190	4,190	-
Grades 6-8	5,000	-	5,000	4,190	810
Support Services - Special		3,000	3,000	2,995	5
School Administration	18,032	4,000	22,032	21,621	411
Admin. Information Technology	6,000	(6,000)	-	-	-
Operation and Maintenance of Plant	8,900	(1,841)	7,059	7,059	-
Total Equipment	44,932	(3,651)	41,281	40,055	1,226
Facility Construction and Acquisition					
Construction Services	16,791	57,128	73,919	55,041	18,878
Total Facility Construction and Acquisition	16,791	57,128	73,919	55,041	18,878
Total Capital Outlay	61,723	53,477	115,200	95,096	20,104
Transfers to Charter Schools	160,179	(13,050)	147,129	140,628	6,501
Total Expenditures	17,527,140	28,002	17,555,142	18,285,534	(730,392)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(484,171)	-	(484,171)	138,820	622,991

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Other Financing Sources (Uses):					
Transfer from Capital Projects				119,845	119,845
Increase in Capital Reserve				(119,951)	(119,951)
Transfer to Capital Reserve				119,951	119,951
Increase in Maintenance Reserve				(100,000)	(100,000)
Transfer to Maintenance Reserve				100,000	100,000
Total Other Financine Sources (Uses)		-	-	119,845	119,845
Fund Balances, July 1	1,244,608	-	1,244,608	1,244,608	-
Fund Balances, June 30	760,437	-	760,437	1,503,273	742,836
Reconciliation:					
Reserve for Encumbrances				38,713	
Reserve for Excess Surplus				444,857	
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				415,094	
Legally Restricted Appropriations				15,571	
Capital Reserve				119,951	
Maintenance Reserve				100,000	
Unrestricted - Designated for Subsequent Years's Expenditures				30,399	
Unrestricted Fund Balance				338,688	
				1,503,273	
Reconciliation to Governmental Funds Statements (GAAP):				(25,263)	
Last State Aid Payment not Recognized on GAAP Basis				\$ 1,478,010	
Fund Balance Per Governmental Funds (GAAP)					

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
State Sources:					
Demonstrably Effective Program Aid	\$ 351,811	-	351,811	351,811	-
Early Childhood Program Aid	551,366	-	551,366	541,046	(10,320)
Targeted At-Risk Aid		248,500	248,500	229,919	(18,581)
Nonpublic School Aid		87,014	87,014	87,014	-
Other	28,000	(21,132)	6,868	3,919	(2,949)
Total - State Sources	931,177	314,382	1,245,559	1,213,709	(31,850)
Federal Sources:					
Title I	370,286	112,370	482,656	386,135	(96,521)
Title II		66,134	66,134	53,800	(12,334)
Title III		52,191	52,191	39,236	(12,955)
Title IV		13,862	13,862	12,050	(1,812)
Title V		2,397	2,397	2,246	(151)
I.D.E.A., Part B	252,000	49,578	301,578	293,694	(7,884)
I.D.E.A., Part B, Preschool Incentive		8,790	8,790	8,790	-
21 Century Community Learning Center Program		535,000	535,000	535,000	-
Other	127,716	(127,716)	-	-	-
Total - Federal Sources	750,002	712,606	1,462,608	1,330,951	(131,657)
Total Revenues	1,681,179	1,026,988	2,708,167	2,544,660	(163,507)
EXPENDITURES:					
Instruction					
Salaries of Teachers	941,424	223,137	1,164,561	1,116,438	48,123
Other Salaries for Instruction	70,000	-	70,000	70,000	-
Purchased Professional and Technical Services		295,861	295,861	295,861	-
Other Purchased Services (400-500 series)	242,000	(234,089)	7,911	7,911	-
General Supplies	109,146	317,967	427,113	396,982	30,131
Textbooks		8,942	8,942	8,942	-
Other Objects		3,000	3,000	3,000	-
Total instruction	1,362,570	614,818	1,977,388	1,899,134	78,254

City of Ventnor School District
 (A Component Unit of the City of Ventnor)
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Program Directors	22,000	-	22,000	22,000	-
Salaries of Other Professional Staff	118,000	247,529	365,529	355,375	10,154
Personal Services- Employee Benefits	114,839	54,448	169,287	160,355	8,932
Purchased Professional - Educational Services	40,270	64,820	105,090	46,205	58,885
Purchased Technical Services	500	-	500	500	500
Travel	-	5,353	5,353	5,353	-
Other Purchased Services (400-500 Series)	23,000	27,969	50,969	44,187	6,782
Supplies and Materials	-	12,051	12,051	12,051	-
Total support services	318,609	412,170	730,779	645,526	85,253
Facilities acquisition and construction services:					
Instructional Equipment	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-
Total expenditures	1,681,179	1,026,988	2,708,167	2,544,660	163,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	-	-	-	-

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2008

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

		General Fund	Special Revenue
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	\$ 18,424,354	2,544,660
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			13,319
Current year			(109,407)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		43,081	44,959
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(25,263)	(57,384)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	18,442,172	2,436,147
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	18,285,534	2,544,660
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is place for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Prior Year			13,319
Current year			(109,407)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 18,285,534	2,448,572

SPECIAL REVENUE FUND

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

City of Ventnor School District
 (A Component Unit of the City of Ventnor)
 Special Revenue Fund
 Combining Schedule of Revenue and Expenditures
 Budgetary Basis
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 Twenty-first Century
 Community Learning Centers
 Carryover

	Title IV Carryover	Title V	IDEA Basic	IDEA Basic Carryover	IDEA Preschool	Century Community Learning Centers Carryover	Total Federal	Nonpublic Technology Initiative Aid	Nonpublic Textbook Aid, Ch. 194, L. 1979	NJ Nonpublic Nursing Aid
REVENUES:										
State Sources	4,990	2,246	289,895	3,799	8,790	535,000	1,330,951	6,400	8,942	12,352
Federal Sources	4,990	2,246	289,895	3,799	8,790	535,000	1,330,951	6,400	8,942	12,352
Total revenues										
EXPENDITURES										
Instruction:	2,561									
Salaries of Teachers						207,232	460,155			12,352
Other Salaries for Instruction						19,785	295,861			
Purchased Prof and Technical Services			276,076		7,911		7,911			
Other Purchased Services (400-500 Series)		2,246	13,819	3,799	879	12,787	130,700	6,400	8,942	
General Supplies										
Textbooks										
Other Objects						3,000	3,000			
Total instruction	2,561	2,246	289,895	3,799	8,790	242,804	897,627	6,400	8,942	12,352
Support services:										
Salaries of Program Directors						200,887	224,092			
Salaries of Other Professional Staff	222					37,685	103,508			
Personal Services- Employee Benefits	2,157					13,000	44,525			
Purchased Professional - Educational Services						5,353	5,353			
Travel						25,698	43,795			
Other Purchased Services (400-500 Series)	50					9,573	12,051			
Supplies and Materials										
Total support services	2,429					292,196	433,324			
Facilities Acquisition and Construction Services:										
Instructional Equipment										
Total Facilities Acquisition and Construction Services:										
Total expenditures	4,990	2,246	289,895	3,799	8,790	535,000	1,330,951	6,400	8,942	12,352
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Ventnor School District
 (A Component Unit of the City of Ventnor)
 Special Revenue Fund
 Combining Schedule of Revenue and Expenditures
 Budgetary Basis
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	N.J. Nonpublic Auxiliary Services Ch. 192		N.J. Nonpublic Handicapped Services Ch. 193		Early Childhood Program Aid	Demonstrably Effective Program Aid	Targeted At-Risk Aid	REBEL Program	Social Norms Project	Evening School for Foreign Born	Total State	Total
	Compensatory Education	English as a Second Language	Examination and Classification	Corrective Speech								
REVENUES:												
State Sources	\$ 27,869	18,270	8,717	4,464	541,046	351,811	229,919	1,808	824	1,287	1,213,709	1,213,709
Federal Sources												1,330,951
Total revenues	27,869	18,270	8,717	4,464	541,046	351,811	229,919	1,808	824	1,287	1,213,709	2,544,660
EXPENDITURES												
Instruction:												
Salaries of Teachers												1,116,438
Other Salaries for Instruction					438,031	144,000		1,500		1,080	656,283	70,000
Purchased Prof and Technical Services						70,000						295,861
Other Purchased Services (400-500 Series)										207		7,911
General Supplies					5,835	57,811	196,029				266,282	396,982
Textbooks											8,942	8,942
Other Objects												3,000
Total instruction	27,869	18,270	8,717	4,464	443,866	271,811	196,029	1,500		1,287	1,001,507	1,899,134
Support services:												
Salaries of Program Directors												22,000
Salaries of Other Professional Staff					22,000	70,000	30,543		740		131,283	355,375
Personal Services- Employee Benefits					30,000	10,000	1,847				56,847	160,355
Purchased Professional - Educational Services					45,000		1,500				1,680	46,205
Travel					180							5,353
Other Purchased Services (400-500 Series)								308			392	44,187
Supplies and Materials												12,051
Total support services					97,180	80,000	33,890	308	824		212,202	645,526
Facilities Acquisition and Construction Services:												
Instructional Equipment												
Total Facilities Acquisition and Construction Services:												
Total expenditures	27,869	18,270	8,717	4,464	541,046	351,811	229,919	1,808	824	1,287	1,213,709	2,544,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	-	-	-	-	-	-	-	-	-	-	-

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Special Revenue Fund
Statement of Demonstrably Effective Program Aid
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

E-2

District Wide Total

	2008		Variance
	Budgeted	Actual	
EXPENDITURES:			
Instructional:			
Salaries of Teachers	\$ 144,000	144,000	-
Other Salaries for Instruction	70,000	70,000	-
General Supplies	57,811	57,811	-
Total Instruction	271,811	271,811	-
Support Services:			
Salaries of Other Professional Staff	70,000	70,000	-
Personal Services - Employee Benefits	10,000	10,000	-
Total Support Services	80,000	80,000	-
Total Expenditures	\$ 351,811	351,811	-

Summary of Location Totals

Total 2006-07 DEPA Allocation	\$ 351,801
Add: Actual DEPA Carryover (June 30, 2007)	10
Total DEPA Funds Available for 2006-07 Budget	351,811
Less: 2007-08 Budgeted DEPA (Including Prior Year Budgeted Carryover)	(351,811)
Available and Unbudgeted DEPA Funds as of June 30, 2008	-
Add: 2007-08 Unexpended DEPA	-
2007-08 Actual Carryover - DEPA	\$ -
2007-08 DEPA Carryover Budgeted in 2008-09	-

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Special Revenue Fund
Statement of Demonstrably Effective Program Aid
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

E-2a

School: Ventnor Elementary School

	2008		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instructional:			
Salaries of Teachers	\$ 72,000	72,000	-
Other Salaries for Instruction	70,000	70,000	-
General Supplies	56,025	56,025	-
Total Instruction	<u>198,025</u>	<u>198,025</u>	<u>-</u>
Total Expenditures	<u>\$ 198,025</u>	<u>198,025</u>	<u>-</u>

DRAFT

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Special Revenue Fund
Statement of Demonstrably Effective Program Aid
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

E-2b

School: Ventnor Middle School

	2008		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instructional:			
Salaries of Teachers	\$ 72,000	72,000	-
General Supplies	1,786	1,786	-
Total Instruction	73,786	73,786	-
Support Services:			
Salaries of Other Professional Staff	70,000	70,000	-
Personal Services - Employee Benefits	10,000	10,000	-
Total Support Services	80,000	80,000	-
Total Expenditures	\$ 153,786	153,786	-

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Special Revenue Fund
Statement of Early Childhood Program Aid
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

E-3

District Wide Total

	2008		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instructional:			
Salaries of Teachers	\$ 438,031	438,031	-
General Supplies	15,835	5,835	10,000
Total Instruction	453,866	443,866	10,000
Support Services:			
Salaries of Supervisors of Instruction	22,000	22,000	-
Salaries of Other Professional Staff	30,000	30,000	-
Personal Services - Employee Benefits	45,000	45,000	-
Purchased Professional - Educational Services	-	-	-
Purchased Technical Services	500	180	320
Total Support Services	97,500	97,180	320
Total Expenditures	\$ 551,366	541,046	10,320
Total revised 2007-08 ECPA Allocation			\$ 547,386
Add: Actual ECPA Carryover (June 30, 2007)			9,749
Add: Prior Year encumbrance cancelled			
Add: Budgeted Transfer from the General Fund 2007-08			-
Total ECPA Funds Available for 2007-08 Budget			557,135
Less: 2007-08 Budgeted ECPA (Including Prior Year Budgeted Carryover)			(551,366)
Available and Unbudgeted ECPA Funds as of June 30, 2008			5,769
Add: June 30, 2008 Unexpended ECPA			10,320
2007-08 Actual Carryover - ECPA			16,089
2007-08 ECPA Carryover Budgeted in 2007-08			

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Special Revenue Fund
Statement of Early Childhood Program Aid
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

E-3a

Program: Preschool

	2008		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instructional:			
Salaries of Teachers	\$ 87,716	87,716	-
General Supplies	8,715	-	8,715
Total Instruction	<u>96,431</u>	<u>87,716</u>	<u>8,715</u>
Support Services:			
Salaries of Supervisors of Instruction	22,000	22,000	-
Salaries of Other Professional Staff			-
Personal Services - Employee Benefits	25,000	25,000	-
Purchased Professional - Educational Services			-
Total Support Services	<u>47,000</u>	<u>47,000</u>	<u>-</u>
Total Expenditures	<u>\$ 143,431</u>	<u>134,716</u>	<u>8,715</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Special Revenue Fund
Statement of Early Childhood Program Aid
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

E-3b

Program: Kindergarten

	2008		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instructional:			
Salaries of Teachers	\$ 350,315	350,315	-
General Supplies	7,120	5,835	1,285
Total Instruction	<u>357,435</u>	<u>356,150</u>	<u>1,285</u>
Support Services:			
Salaries of Other Professional Staff	30,000	30,000	-
Personal Services - Employee Benefits	20,000	20,000	-
Purchased Technical Services	500	180	320
Total Support Services	<u>50,500</u>	<u>50,180</u>	<u>320</u>
Total Expenditures	<u><u>\$ 407,935</u></u>	<u><u>406,330</u></u>	<u><u>1,605</u></u>

**CITY OF VENTNOR SCHOOL DISTRICT
Special Revenue Fund
Schedule of Targeted At-Risk (TARA) Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008**

District Wide Statements

	2008		Variance
	Budgeted	Actual	
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 10,200	-	10,200
Other Salaries for Instruction	-	-	-
Purchased Prof & Tech Services	-	-	-
Other Purchased Services (400-500 series)	-	-	-
General Supplies	196,240	196,030	210
Textbooks	-	-	-
Other Objects	-	-	-
Total Instruction	<u>206,440</u>	<u>196,030</u>	<u>10,410</u>
Support Services:			
Salaries of Other Professional Staff	30,544	30,543	1
Personal Services - Employee Benefits	3,116	1,846	1,270
Purchased Professional Educational Services	8,400	1,500	6,900
Travel	-	-	-
Other Purchased Services	-	-	-
Supplies and Materials	-	-	-
Other objects	-	-	-
Total Support Services	<u>42,060</u>	<u>33,889</u>	<u>8,171</u>
Total expenditures	<u>\$ 248,500</u>	<u>229,919</u>	<u>18,581</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2007-08 ECPA Allocation	\$ 248,500
Less: TARA transferred to General Fund - Tax Relief	-
TARA Available for 2007-08 Program Budget	<u>248,500</u>
2007-08 TARA Expended/Obligated	<u>229,919</u>
2007-08 Actual Carryover - TARA	<u>\$ 18,581</u>
2007-08 TARA Carryover Budgeted as Unrestricted General Fund Revenue for 2008-09	<u>\$ -</u>

CITY OF VENTNOR SCHOOL DISTRICT
Special Revenue Fund
Schedule of Targeted At-Risk (TARA) Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008

Program: Pre K

	Budgeted	2008 Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers			-
Other Salaries for Instruction			-
Purchased Prof & Tech Services			-
Other Purchased Services (400-500 series)			-
General Supplies	8,000	8,000	-
Textbooks			-
Other Objects			-
Total Instruction	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Support Services:			
Salaries of Other Professional Staff	1,350	1,350	-
Personal Services - Employee Benefits	103	51	52
Purchased Professional Educational Services			-
Travel			-
Other Purchased Services			-
Supplies and Materials			-
Other objects			-
Total Support Services	<u>1,453</u>	<u>1,401</u>	<u>52</u>
Total expenditures	<u>\$ 9,453</u>	<u>9,401</u>	<u>52</u>

**CITY OF VENTNOR SCHOOL DISTRICT
Special Revenue Fund
Schedule of Targeted At-Risk (TARA) Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008**

Program: Full Day - K

	2008		Variance
	Budgeted	Actual	
EXPENDITURES:			
Instruction:			
Salaries of Teachers			-
Other Salaries for Instruction			-
Purchased Prof & Tech Services			-
Other Purchased Services (400-500 series)			-
General Supplies	20,652	20,598	54
Textbooks			-
Other Objects			-
Total Instruction	<u>20,652</u>	<u>20,598</u>	<u>54</u>
Support Services:			
Salaries of Other Professional Staff	5,569	5,569	-
Personal Services - Employee Benefits	426	107	319
Purchased Professional Educational Services	2,400	-	2,400
Travel			-
Other Purchased Services			-
Supplies and Materials			-
Other objects			-
Total Support Services	<u>8,395</u>	<u>5,676</u>	<u>2,719</u>
Total expenditures	<u>\$ 29,047</u>	<u>26,274</u>	<u>2,773</u>

CITY OF VENTNOR SCHOOL DISTRICT
Special Revenue Fund
Schedule of Targeted At-Risk (TARA) Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008

Program: K-8 Math and/or
Language Arts

	2008		Variance
	Budgeted	Actual	
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 10,200	-	10,200
Other Salaries for Instruction			-
Purchased Prof & Tech Services			-
Other Purchased Services (400-500 series)			-
General Supplies	167,588	167,432	156
Textbooks			-
Other Objects			-
Total Instruction	<u>177,788</u>	<u>167,432</u>	<u>10,356</u>
Support Services:			
Salaries of Other Professional Staff	23,625	23,624	1
Personal Services - Employee Benefits	2,587	1,688	899
Purchased Professional Educational Services	6,000	1,500	4,500
Travel			-
Other Purchased Services			-
Supplies and Materials			-
Other objects			-
Total Support Services	<u>32,212</u>	<u>26,812</u>	<u>5,400</u>
Total expenditures	<u>\$ 210,000</u>	<u>194,244</u>	<u>15,756</u>

CAPITAL PROJECTS FUND

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2008

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2008
			Prior Years	Current Year	
Renovations and Improvements to Lafayette Avenue School - Phase III	05/01/99	\$ 4,000,000	3,860,199	139,801	-
		\$ 4,000,000	3,860,199	139,801	-

**City of Ventnor School District
(A Component Unit of the City of Ventnor)**

Exhibit F-2

**Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2007**

Revenues and Other Financing Sources:

State Sources-EDA Grant	\$ -
Bond proceeds and transfers	-
Transfer from capital outlay	-
	<hr/>
Total revenues	<hr/> -

Expenditures and Other Financing Uses:

Purchased professional & technical services	-
Transfer to Capital Projects	119,845
Construction services	-
Equipment purchases	19,956
	<hr/>
Total expenditures	<hr/> 139,801
Excess of revenues over expenditures	(139,801)
Fund balance - beginning	139,801
Fund balance - ending	<hr/> <hr/> \$ -

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Capital Projects Fund

Exhibit F-2a

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
Various Capital Improvements to District Facilities
For the Fiscal Year Ended June 30, 2007

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources-EDA Grant				
Bond proceeds and transfers	\$ 4,000,000		4,000,000	4,000,000
Transfer from capital outlay				
Total revenues	4,000,000	-	4,000,000	4,000,000
Expenditures and Other Financing Uses:				
Purchased professional & technical services	70,693		70,693	70,693
Transfer to Capital Reserve		119,845	119,845	119,845
Construction services	3,365,873		3,365,873	3,365,873
Equipment purchases	423,633	19,956	443,589	443,589
Total expenditures	3,860,199	139,801	4,000,000	4,000,000
Excess of revenues over expenditures	\$ 139,801	(139,801)	-	-
 Additional project information:				
Project number	2007			
Grant Date	N/A			
Bond Authorization Date	6/1/2001			
Bonds Authorized	\$ 4,000,000			
Bonds Issued	\$ 4,000,000			
Original Authorized Cost	\$ 4,000,000			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 4,000,000			
 Percentage Increase over Original				
Authorized Cost	0%			
Percentage Completion	100%			
Original target completion date	06/04			
Revised target completion date	11/06			

FIDUCIARY FUNDS

Trust funds are used to account for gifts and bequests to the school district for a specific purpose.

Unemployment Compensation Insurance Trust Fund-

This is an expendable trust fund used to pay unemployment compensation insurance claims.

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

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

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2008

	<u>Agency Funds</u>		<u>Trust Funds</u>	<u>2008</u>
	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Unemployment Compensation</u>	
ASSETS:				
Cash and cash equivalents	\$ 14,964	104,536	94,071	213,571
Accounts Receivable			5,000	5,000
Due from Payroll Agency			4,273	4,273
Total Assets	<u>14,964</u>	<u>104,536</u>	<u>103,344</u>	<u>222,844</u>
LIABILITIES:				
Liabilities:				
Due to State of New Jersey			46	46
Interfund Accounts Payable:				
Due to Unemployment		4,273		4,273
Due to General Fund		22,813	4,655	27,468
Payroll Deductions and Withholdings		77,450		77,450
Due to Student Groups	14,964			14,964
Total Liabilities	<u>\$ 14,964</u>	<u>104,536</u>	<u>4,701</u>	<u>124,201</u>
NET ASSETS:				
Held in Trust for Unemployment Claims and Other Purposes			98,643	98,643
Total Net Assets			<u>98,643</u>	<u>98,643</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Combining Statement of Changes in
Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2008

	Unemployment Compensation Trust
	<u>2008</u>
ADDITIONS:	
Contributions:	
Employee Contributions	\$ 13,556
Board Contributions	5,000
Investment Earnings:	
Interest	2,240
Total Additions	20,796
DEDUCTIONS:	
Unemployment Claims	2,739
Total Deductions	2,739
Change in Net Assets	18,057
Net Assets - July 1	80,586
Net Assets - June 30	\$ 98,643

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Student Activity Agency Fund
Schedule of Receipts and Disbursements**

H-3

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
ASSETS:				
Cash and Cash Equivalents	\$ 15,934	41,589	42,559	14,964
Total Assets	<u>15,934</u>	<u>41,589</u>	<u>42,559</u>	<u>14,964</u>
LIABILITIES:				
Due to Special Revenue Fund	\$ 464		464	-
Due to Student Groups	15,470	41,589	42,095	14,964
Total Liabilities	<u>\$ 15,934</u>	<u>41,589</u>	<u>42,559</u>	<u>14,964</u>

DRAFT

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2008

H-4

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS:				
Cash and cash equivalents	\$ 109,432	3,429,896	3,434,792	104,536
Total assets	<u>109,432</u>	<u>3,429,896</u>	<u>3,434,792</u>	<u>104,536</u>
LIABILITIES:				
Payroll Deductions and Withholdings	61,183	3,428,291	3,412,024	77,450
Interfund Accounts Payable:				
Due Unemployment	11,723		7,450	4,273
Due General Fund	36,526	1,605	15,318	22,813
Total Liabilities	<u>\$ 109,432</u>	<u>3,429,896</u>	<u>3,434,792</u>	<u>104,536</u>

DRAFT

LONG-TERM DEBT

The long-term debt section consists of the schedules of obligations under capital leases.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Long-Term Debt
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2008

Series	Date of Lease	Term of Lease	Amount of Original Issue Principal	Interest	Interest Rate Payable	Amount Outstanding June 30, 2007	Current Year Issued	Current Year Retired	Amount Outstanding June 30, 2008
(2) Passenger Bus	10/15/03	4 Years	95,220	7,738	3.20%	\$ 24,941	-	24,941	-
(2) Passenger Bus	9/1/04	4 Years	99,000	9,709	3.85%	51,369	-	25,199	26,170
(2) Passenger Bus/ Technology Equipment	8/1/05	4 Years	233,696	17,105	3.31%	155,228	-	50,070	105,158
Lighting Retrofit	10/15/03	5 Years	72,556	7,738	3.20%	22,878	-	15,123	7,755
Passenger Bus	11/3/06	4 Years	54,593	6,766	5.90%	44,593	-	10,209	34,384
Technology Equipment	7/14/06	4 Years	90,000	10,433	5.09%	80,000	-	18,536	61,464
						\$ 379,009	-	144,078	234,931

Statistical Section

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. However due to the change in the statistical requirements information was unavailable for all 10 years.

DRAFT

CITY OF VENTNOR SCHOOL DISTRICT
Net Assets by Component
Last Five Fiscal Years
Unaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 21,183,381	20,591,038	19,848,642	19,244,963	18,726,373
Restricted	979,685	1,336,783	731,449	1,023,495	929,063
Unrestricted	(325,593)	(119,790)	(12,795)	(176,272)	176,030
Total governmental activities net asset:	21,837,474	21,808,031	20,567,296	20,092,186	19,831,466
Business-type activities					
Invested in capital assets, net of related debt	107,963	96,418	88,259	75,896	64,382
Restricted					
Unrestricted	179,812	236,885	263,571	278,237	284,498
Total business-type activities net asset	287,775	333,303	351,830	354,133	348,880
District-wide					
Invested in capital assets, net of related debt	21,291,344	20,687,456	19,936,901	19,320,859	18,790,755
Restricted	979,685	1,336,783	731,449	1,023,495	929,063
Unrestricted	(145,781)	117,095	250,776	101,965	460,528
Total district net assets:	\$ 22,125,249	22,141,334	20,919,126	20,446,319	20,180,346

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only five years of information is presented.

Source: CAFR Schedule A-1

CITY OF VENTNOR SCHOOL DISTRICT
Changes in Net Assets, Last Five Fiscal Years
Unaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities					
Instruction					
Regular	\$ 5,216,830	6,163,342	6,293,780	6,843,535	6,802,276
Special education	625,455	898,212	889,017	1,001,666	1,087,182
Other special education	460,043	585,220	640,527	575,558	676,435
Other instruction	37,770	70,294	67,195	54,761	65,585
Non-public programs			118,992	95,624	108,535
Support Services:					
Tuition	4,319,249	5,989,503	8,065,449	8,013,683	7,534,365
Student & instruction related services	855,626	1,061,813	1,029,996	1,087,329	1,199,721
General administrative services	334,867	425,860	349,925	352,068	385,097
School administrative services	357,648	513,430	511,800	554,852	572,322
Business administrative services	152,867	300,043	260,509	295,347	343,352
Plant operations and maintenance	707,547	1,053,556	1,213,049	1,367,848	1,355,316
Pupil transportation	706,139	861,008	892,948	1,320,246	1,014,522
Capital Outlay				108,269	-
Charter Schools	37,719				-
Unallocated benefits	2,610,412				-
Total governmental activities expenses	<u>16,422,172</u>	<u>17,922,281</u>	<u>20,333,187</u>	<u>21,670,786</u>	<u>21,144,708</u>
Business-type activities:					
After School Program		5,498	10,421	7,136	10,304
Food service	341,645	330,878	392,496	422,036	433,005
Total business-type activities expense	<u>341,645</u>	<u>336,376</u>	<u>402,917</u>	<u>429,172</u>	<u>443,309</u>
Total district expenses	<u>16,763,817</u>	<u>18,258,657</u>	<u>20,736,104</u>	<u>22,099,958</u>	<u>21,588,017</u>
Program Revenues					
Governmental activities:					
Charges for services					193,637
Operating grants and contributions	787,115	2,764,610	3,286,387	3,793,334	2,436,147
Capital grants and contributions					
Total governmental activities program revenues	<u>787,115</u>	<u>2,764,610</u>	<u>3,286,387</u>	<u>3,793,334</u>	<u>2,629,784</u>

CITY OF VENTNOR SCHOOL DISTRICT
Changes in Net Assets, Last Five Fiscal Years
Unaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
Business-type activities:					
Charges for services					
Fees for after school program		6,386	14,047	17,059	20,973
Food service	153,056	155,169	167,885	159,739	146,626
Operating grants and contributions	192,362	220,070	238,993	254,019	269,867
Total business type activities program revenues	345,418	381,625	420,925	430,817	437,466
Total district program revenue:	<u>1,132,533</u>	<u>3,146,235</u>	<u>3,707,312</u>	<u>4,224,151</u>	<u>3,067,250</u>
Net (Expense)/Revenue					
Governmental activities	(15,635,057)	(15,157,671)	(17,046,800)	(17,877,452)	(18,514,924)
Business-type activities	3,773	45,249	18,008	1,645	(5,843)
Total district-wide net expense:	<u>(15,631,284)</u>	<u>(15,112,422)</u>	<u>(17,028,792)</u>	<u>(17,875,807)</u>	<u>(18,520,767)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes levied for general purposes, net	11,973,299	12,816,519	13,974,618	15,597,115	15,193,897
Unrestricted grants and contributions	1,320,480	1,539,212	1,540,169	1,506,811	2,967,330
Restricted grants and contributions	1,903,005				
Transportation revenue	192,544	194,736	195,810	202,611	
Miscellaneous income	38,246	69,338	138,719	104,111	87,308
Unfunded pension obligation refinanced by City		508,423			
Special Items					
Cancellation of Construction in Progress			(84,108)		
Cancellation of Construction in Progress			40,857		
Escrow Balance Applied to Leases					5,669
Loss on the disposal of fixed assets				(8,306)	
Total governmental activities	<u>15,427,574</u>	<u>15,128,228</u>	<u>15,806,065</u>	<u>17,402,342</u>	<u>18,254,204</u>
Business-type activities:					
Miscellaneous income		279	519	658	590
Total business-type activities	<u>-</u>	<u>279</u>	<u>519</u>	<u>658</u>	<u>590</u>
Total district-wide	<u>15,427,574</u>	<u>15,128,507</u>	<u>15,806,584</u>	<u>17,403,000</u>	<u>18,254,794</u>
Change in Net Assets					
Governmental activities	(207,483)	(29,443)	(1,240,735)	(475,110)	(260,720)
Business-type activities	3,773	45,528	18,527	2,303	(5,253)
Total district	<u>\$ (203,710)</u>	<u>16,085</u>	<u>(1,222,208)</u>	<u>(472,807)</u>	<u>(265,973)</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only five years of information is presented.

Source: CAFR Schedule A-2

CITY OF VENTNOR SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Five Fiscal Years
Unaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 815,131	1,150,219	567,573	899,265	1,164,585
Unreserved	597,867	247,815	299,079	302,262	313,425
Total general fund	<u>1,412,998</u>	<u>1,398,034</u>	<u>866,652</u>	<u>1,201,527</u>	<u>1,478,010</u>
All Other Governmental Funds					
Reserved	128,660	133,361	119,572	139,801	-
Unreserved, reported in:					
Special revenue fund	(44,959)	(44,959)	(44,959)	(44,959)	(57,384)
Capital projects fund	71,622	53,203	59,875	-	-
Total all other governmental fund	<u>\$ 155,323</u>	<u>141,605</u>	<u>134,488</u>	<u>94,842</u>	<u>(57,384)</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only five years of information is presented.

Source: CAFR Schedule B-1

CITY OF VENTNOR SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Five Fiscal Years
Unaudited

	2004	2005	2006	2007	2008
Revenues					
Tax levy	\$ 11,973,299	12,816,519	13,974,618	15,597,115	15,193,897
Transportation	192,544	194,736	195,810	202,611	193,637
Miscellaneous	38,246	69,338	138,719	104,111	87,308
State sources	3,198,611	3,359,456	3,450,602	3,842,131	4,075,140
Federal sources	811,989	944,366	1,375,955	1,458,014	1,328,337
Total revenue	<u>16,214,689</u>	<u>17,384,415</u>	<u>19,135,704</u>	<u>21,203,982</u>	<u>20,878,319</u>
Expenditures					
Instruction					
Regular Instruction	5,104,101	5,025,388	5,142,550	5,517,755	5,470,212
Special education instruction	611,940	732,373	736,356	807,615	875,900
Other special instruction	450,102	477,169	530,536	464,057	544,977
Other instruction	36,954	57,316	55,657	44,153	52,840
Nonpublic school programs			98,559	77,099	87,442
Support Services:					
Instruction	4,226,018	4,883,645	6,680,454	6,461,214	6,070,143
Student & instruction related services	837,137	865,768	853,126	876,683	966,569
General administrative services	327,631	347,232	289,836	283,862	310,257
School Administrative services	349,919	418,634	423,914	447,362	461,097
Business administrative services	149,564	244,645	209,135	236,392	276,624
Plant operations and maintenance	863,725	870,181	1,016,455	1,114,646	1,104,109
Pupil transportation	690,880	777,842	833,197	1,177,437	886,683
Unallocated employee benefits	2,601,577	2,671,270	2,809,704	3,318,038	3,532,157
Charter Schools	36,904				
Capital outlay	315,819	140,635	269,277	227,033	115,052
Total expenditures	<u>16,602,271</u>	<u>17,512,098</u>	<u>19,948,756</u>	<u>21,053,346</u>	<u>20,754,062</u>
Excess (Deficiency) of revenues over (under) expenditures	(387,582)	(127,683)	(813,052)	150,636	124,257
Other Financing sources (uses)					
Capital leases (non-budgeted)	96,875	99,000	233,696	144,593	
Cancellation of Prior Year Payables			40,857		
Transfer from Capital Projects Fund					119,845
Transfer to General Fund					(119,845)
Increase in Capital Reserve					(119,951)
Transfer to Capital Reserve					119,951
Increase in Maintenance Reserve					(100,000)
Transfer to Maintenance Reserve					100,000
Transfers in					
Transfers out					
Total other financing sources (uses)	<u>96,875</u>	<u>99,000</u>	<u>274,553</u>	<u>144,593</u>	<u>-</u>
Net change in fund balances	<u>\$ (290,707)</u>	<u>(28,683)</u>	<u>(538,499)</u>	<u>295,229</u>	<u>124,257</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only five years of information is presented.

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Transportation</u> <u>Jointure</u>	<u>Misc.</u>	<u>Total</u>
1999	78,645		134,633	38,824	252,102
2000	98,243	4,993	142,841	27,726	273,803
2001	97,317	555	175,735	6,326	279,933
2002	60,798	10,779	157,943	11,346	240,866
2003	34,433		168,149	20,917	223,499
2004	28,486		192,544	9,760	230,790
2005	45,269		194,736	24,069	264,074
2006	88,157		195,810	50,562	334,529
2007	75,713		202,611	28,398	306,722
2008	67,530		193,637	19,778	280,945

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
1999	14,876,900	763,899,440	-	-	49,826,200	1,349,700	23,095,040	853,149,280	-	3,798,130	856,947,410	0.994	861,633,286
2000	13,888,400	774,860,890	-	-	49,240,300	1,289,700	22,711,140	861,990,430	-	2,320,399	864,310,829	1.098	898,758,212
2001	12,321,300	788,222,490	-	-	48,758,300	1,289,700	13,466,140	864,057,930	-	2,374,767	866,432,697	1.251	949,302,119
2002	11,322,400	793,206,390	-	-	47,876,500	1,289,700	8,932,540	862,627,530	-	2,340,916	864,968,446	1.294	999,306,513
2003	32,535,495	1,185,949,505	-	-	64,412,043	1,559,030	11,068,620	1,295,524,693	-	2,986,172	1,298,510,865	0.926	1,121,434,010
2004	30,914,500	1,177,528,200	-	-	62,938,500	1,559,100	10,544,500	1,283,484,800	-	2,609,362	1,286,094,162	1.032	1,418,389,828
2005	31,118,500	1,180,867,300	-	-	62,948,500	1,559,100	10,544,500	1,287,037,900	-	2,070,375	1,289,108,275	1.143	1,764,141,613
2006	68,747,400	2,574,209,800	-	-	98,112,600	2,494,400	17,146,500	2,760,704,700	-	2,633,578	2,763,338,278	0.588	2,157,812,514
2007	61,512,700	2,494,861,000	-	-	95,650,000	2,494,400	16,826,900	2,671,345,000	-	2,667,188	2,674,012,188	0.641	2,608,283,445
2008	54,747,300	2,507,263,200	-	-	94,454,500	1,604,100	16,163,700	2,674,232,800	-	2,538,701	2,676,771,501	0.642	2,897,566,033

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.

Reassessment occurs when ordered by the County Board of Taxation

In 2003 and 2006 the City of Ventnor had a revaluation.

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

^b Tax rates are per \$100

CITY OF VENTNOR 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 VENTNOR Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	City of Ventnor	Atlantic County		
1999	0.936	0.058	0.994	1.185	0.524		2.703
2000	0.975	0.123	1.098	1.209	0.544		2.851
2001	1.090	0.161	1.251	1.227	0.581		3.059
2002	1.184	0.110	1.294	1.300	0.588		3.182
2003	0.859	0.067	0.926	1.006	0.425		2.357
2004	0.968	0.064	1.032	1.001	0.501		2.534
2005	1.035	0.108	1.143	1.061	0.562		2.766
2006	0.535	0.053	0.588	0.549	0.284		1.421
2007	0.576	0.065	0.641	0.669	0.280		1.590
2008	0.578	0.064	0.642	0.664	0.310		1.616

Source: District Records and Municipal Tax Collector

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

In 2003 and 2006 the City of Ventnor had a revaluation.

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

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Ventnor Plaza Company	\$ 15,383,100	1	0.57%	10,300,000	1	1.19%
Taxpayer #1	7,261,900	2	0.27%			0.00%
Taxpayer #2	6,950,000	3	0.26%	2,915,000	6	0.34%
Taxpayer #3	6,423,000	4	0.24%			
Shalom Towers	5,762,880	5	0.22%	4,701,000	4	0.54%
RIH Holdings LLC	4,914,500	6	0.18%			0.00%
Create Associates	4,750,000	7	0.18%			
Taxpayer #4	4,700,000	8	0.18%	3,729,400	5	0.43%
Ramada, NJ	3,613,400	9	0.13%			
LA-MAR-GATE	3,469,400	10	0.13%	1,800,000	10	0.21%
Bell Atlantic				5,069,430	3	0.59%
Waterview Corporation				9,125,000	2	1.06%
AC Hilton				2,000,000	7	0.23%
Ramada, NJ				1,978,900	8	0.23%
Taxpayer #5				1,938,000	9	0.22%
Total	\$ 63,228,180		2.36%	\$ 43,556,730		5.04%

During this ten year period the City conducted two revaluations. Therefore, it is difficult to pinpoint the exact cause of this significant change.

Source: District CAFR & Municipal Tax Assessor

CITY OF VENTNOR 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	
1999	7,931,404	\$ 7,931,404	100.00%	-
2000	8,109,153	8,109,153	100.00%	-
2001	8,749,114	8,749,114	100.00%	-
2002	10,143,360	10,143,360	100.00%	-
2003	10,333,760	10,333,760	100.00%	-
2004	11,973,299	11,973,299	100.00%	-
2005	12,816,519	12,816,519	100.00%	-
2006	13,974,618	13,974,618	100.00%	-
2007	15,597,115	15,597,115	100.00%	-
2008	15,193,897	15,193,897	100.00%	-

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, it is the amount voted upon or certified prior to the end of the school year.

CITY OF VENTNOR 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 ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
1999	\$ 3,000,000		343,258			3,343,258	1.046%	259
2000	12,596,000		209,148			12,805,148	3.268%	993
2001	18,577,000		140,916			18,717,916	4.833%	1,456
2002	18,027,000		404,894			18,431,894	4.550%	1,435
2003	17,242,000		407,135			17,649,135	4.461%	1,376
2004	16,357,000		280,203			16,637,203	4.166%	1,298
2005	16,481,000		292,565			16,773,565	4.171%	1,317
2006	15,391,000		389,137			15,780,137	3.808%	1,256
2007	14,341,000		379,009			14,720,009	3.415%	1,172
2008	13,211,000		234,931			13,445,931	3.077%	1,092

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
1999	3,000,000		3,000,000	0.00%	-
2000	\$ 12,596,000		\$ 12,596,000	1.46%	977
2001	18,577,000		18,577,000	2.14%	1,445
2002	18,027,000		18,027,000	2.08%	1,403
2003	17,242,000		17,242,000	1.33%	1,344
2004	16,357,000		16,357,000	1.27%	1,277
2005	16,481,000		16,481,000	1.28%	1,294
2006	15,391,000		15,391,000	0.56%	1,225
2007	14,341,000		14,341,000	0.54%	1,141
2008	13,211,000		13,211,000	0.49%	1,073

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.

CITY OF VENTNOR SCHOOL DISTRICT
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2008
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City of Ventnor	\$ 9,351,246	100.00%	\$ 9,351,246
Other debt			
Atlantic County (4.990%) as of December 31, 2007	70,609,533	4.990%	<u>3,523,503</u>
Subtotal, overlapping debt			12,874,749
CITY OF VENTNOR School District Direct Debt			<u>13,211,000</u>
Total direct and overlapping debt			<u><u>\$ 26,085,749</u></u>

Sources: Ventnor City Finance Officer, Atlantic County Finance Office and Authorities

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 Ventnor City. 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.

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 VENTNOR SCHOOL DISTRICT
 Legal Debt Margin Information,
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2008

	Average equalized valuation of taxable property										Equalized valuation basis		
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2007	2006	2005
Debt limit	3,000,000	\$ 12,596,000	18,577,000	18,027,000	17,242,000	16,357,000	16,481,000	15,391,000	14,341,000	13,211,000	77,274,572	77,274,572	77,274,572
Total net debt applicable to limit	(3,000,000)	(12,596,000)	(18,577,000)	11,240,333	14,322,943	19,741,957	26,856,684	37,848,056	51,560,185	64,063,572			
Legal debt margin													
Total net debt applicable to the limit as a percentage of debt limit				54.62%		45.31%	38.03%	28.91%	21.76%	17.10%			

[A] 7,727,457,177

[A/3] 2,575,819,059

[B] 77,274,572

[C] 13,211,000

[B-C] 64,063,572

Debt limit on years 1988 to 2001 not supplied by the City of Ventnor.

Source: Abstract of Rates and District Records CAFR Schedule J-7

a Limit set by NUSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
1998	10,962	\$ 319,773	29,171	4.50%
1999	12,910	391,844	30,352	4.80%
2000	12,897	387,258	30,027	4.40%
2001	12,855	405,061	31,510	3.50%
2002	12,845	395,639	30,801	4.00%
2003	12,827	399,330	31,132	4.20%
2004	12,813	402,123	31,384	5.10%
2005	12,737	414,437	32,538	5.10%
2006	12,564	431,033	34,307	5.70%
2007	12,316	436,972	35,480	5.70%

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, 2006

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

CITY OF VENTNOR SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Three Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Instruction			
Regular	70.0	65.0	72.5
Special education	11.0	10.0	10.0
Other special education	11.5	9.5	10.0
Other instruction	2.0	2.0	2.0
Support Services:			
Student & instruction related services	22.5	15.5	11.5
General administrative services	4.0	3.0	4.0
School administrative services	6.0	7.0	4.5
Business administrative services	3.0	4.5	5.0
Plant operations and maintenance	2.5	2.5	2.5
Pupil transportation	11.0	11.0	11.0
Food Service	6.0	5.5	5.5
Child Care	1.0	-	-
Total	<u>150.5</u>	<u>135.5</u>	<u>138.5</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 2006, 2007 and 2008 years information was available.

Source: District Personnel Records

CITY OF VENTNOR SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary/ Middle School				
1999	1,036	10,275,155	\$ 9,918	-	72	14:1	1,032	975	4.88%	94.48%
2000	1,053	10,799,731	10,256	3.41%	85	12:1	1,076	1,013	4.26%	94.14%
2001	1,058	12,017,369	11,359	10.75%	92	12:1	1,070	1,014	-0.56%	94.77%
2002	1,132	13,684,622	12,089	6.43%	99	11:1	1,103	1,048	3.08%	95.01%
2003	1,129	14,106,595	12,495	3.36%	103	11:1	1,151	1,086	4.35%	94.35%
2004	1,129	16,296,003	14,434	15.52%	103	11:1	1,125	1,067	-2.26%	94.84%
2005	1,049	17,386,163	16,574	14.83%	107	10:1	1,068	1,012	-5.07%	94.76%
2006	1,005	19,948,756	19,850	19.76%	107	9:1	979	927	-8.33%	94.69%
2007	948	20,826,313	21,969	10.68%	102	9:1	947	898	-3.27%	94.83%
2008	948	20,639,010	21,771	-0.90%	102	9:1	936	887	-1.16%	94.76%

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-4

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 VENTNOR SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
Unaudited

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
District Building										
Ventnor Educational Community Complex (1969)										
Square Feet	107,357	107,357	107,357	107,357	107,357	152,357	152,357	152,357	152,357	152,357
Capacity (students)	743	743	743	743	743	1,063	1,063	1,063	1,063	1,063
Enrollment	1,036	1,053	1,058	1,132	1,129	1,129	1,049	979	947	936

Number of Schools at June 30, 2008
 One building- Elementary/Middle School

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the actual October district count.

CITY OF VENTNOR SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities:
Last Seven Years
Unaudited

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

School Facilities	Project # (s)	2008	2007	2006	2005	2004	2003	2002
City of Ventnor School	N/A	\$ 259,805	237,369	210,710	212,511	183,664	144,288	122,276
Total School Facilities		<u>259,805</u>	<u>237,369</u>	<u>210,710</u>	<u>212,511</u>	<u>183,664</u>	<u>144,288</u>	<u>122,276</u>
Other Facilities								
Grand Total		<u>\$ 259,805</u>	<u>237,369</u>	<u>210,710</u>	<u>212,511</u>	<u>183,664</u>	<u>144,288</u>	<u>122,276</u>

CITY OF VENTNOR SCHOOL DISTRICT

Insurance Schedule

June 30, 2008

Unaudited

	Coverage	Deductible
School Package Policy		
Property - Blanket Building & Contents	\$ 28,686,000	\$ 5,000
Extra Expense - Blanket	5,000,000	5,000
Miscellaneous School Property	250,000	
Flood	5,000,000	500,000
Valuable papers	5,000,000	500
Electronic Data Processing Equipment	2,500,000	
Contractor's Equipment	Included in Blanket Coverage Limit	
General Liability	5,000,000.00 per Occ., 2,000,000.00 Aggreg.	
Personal /Adver. Liability	5,000,000	
Fire Damage Liability	5,000,000	
Medical Expenses	10,000	
Employee Benefits Liability	5,000,000.00 per Occ., 2,000,000.00 Aggreg.	
Employee Dishonesty	250,000	5,000
Forgery/Alterations	50,000	1,000
Automobile Policy:		
Comprehensive Automobile Liability	5,000,000	5,000
Uninsured Motorist	1,000,000	
Medical Payments	5,000	
School Board Legal Liability	2,000,000.00 per Occ. 2,000,000.00 Aggreg.	10,000
Umbrella Liability	10,000,000	
Boiler and Machinery	100,000,000	1,000
Flood Insurance		
Property - Building	5,000,000	5,000
Property - Contents	500,000	5,000
Student Accident	1,000,000	
Bonds		
Board Secretary	2,000	
Treasurer of School Funds	205,000	

Source: District Records

Single Audit Section

DRAFT

**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

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

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

We have audited the 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 Ventnor in the County of Atlantic, State of New Jersey as of and for the year ended June 30, 2008, which collectively comprises the District's basic financial statements, and have issued our report thereon dated October 15, 2008. 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 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 Board of Education of the City of Ventnor School District'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 Board of Education of the City of Ventnor's internal control over financial reporting. According, we do not express an opinion on the effectiveness of the Board of Education of the City of Ventnor'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 Board of Education of the City of Ventnor'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 Board of Education of the City of Ventnor's financial statements that is

more than inconsequential will not be prevented or detected by the Board of Education of the City of Ventnor'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 Board of Education of the City of Ventnor'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 Board of Education of the City of Ventnor, County of Atlantic, State of New Jersey'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* or the requirements of the Division Finance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to the Board of Education of the City of Ventnor in the separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated October 15, 2008.

This report is intended solely for the information and use of the audit committee, management, and the State of New Jersey, Department of Education (the 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.

Kenneth Moore, CPA

Kenneth Moore, CPA
Licensed Public School Accountant
No. CS00499

Alliance of Governmental Auditors

Alliance of Governmental Auditors, LLC
Certified Public Accountants

October 15, 2008

**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

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

Compliance

We have audited the compliance of the Board of Education of the City of Ventnor, in the County of Atlantic, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. The City of Ventnor School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal and state programs is the responsibility of the City of Ventnor School District's management. Our responsibility is to express an opinion on the City of Ventnor School District'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; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Ventnor School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Ventnor School District's compliance with those requirements.

In our opinion, the City of Ventnor School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Ventnor School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Ventnor School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of law, regulations, contracts and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we would consider to be material weaknesses.

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

Kenneth Moore, CPA

Kenneth Moore, CPA
Licensed Public School Accountant
No. CS00499

Alliance of Governmental Auditors

Alliance of Governmental Auditors, LLC
Certified Public Accountants

October 15, 2008

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Program Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2007	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Adjustments	Balance at June 30, 2008				
											(Accounts Receivable)	Deferred Revenue	Due to Grantor		
U. S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550	N/A	7/1/07 - 6/30/08	22,012			22,012	(22,012)							
National School Lunch Program	10.555	N/A	7/1/07 - 6/30/08	178,485			149,092	(178,485)			(29,393)				
National School Lunch Program	10.555	N/A	7/1/06 - 6/30/07	179,755	(30,260)		30,260								
School Breakfast Program	10.553	N/A	7/1/07 - 6/30/08	42,492			33,877	(42,492)			(8,615)				
School Breakfast Program	10.553	N/A	7/1/06 - 6/30/07	39,467	(7,099)		7,099								
School Snack Program	10.555	N/A	7/1/07 - 6/30/08	14,750			13,480	(14,750)			(1,270)				
School Snack Program	10.555	N/A	7/1/06 - 6/30/07	13,456	(1,148)		11,48				(87)				
Special Milk Program	10.556	N/A	7/1/07 - 6/30/08	637	(96)		550	(637)							
Special Milk Program	10.556	N/A	7/1/06 - 6/30/07	505			96								
Total U.S. Department of Agriculture															
				5,351	(38,603)		257,614	(258,376)			(39,365)				
U. S. Department of Health and Human Services															
Passed-through State Department of Health and Human Services															
Medical Assistance															
	93.778	N/A	7/1/07 - 6/30/08	5,351			5,351	(5,351)							
Total General Fund															
				5,351			5,351	(5,351)							
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
No Child Left Behind	84.010	NCLB302007	9/1/07 - 8/31/08	356,844		125,815	356,844	(386,135)			96,524				
Title I, Part A	84.010	NCLB302006	9/1/06 - 8/31/07	453,782	125,815										
Title I, Part A Carryover	84.567A	NCLB302007	9/1/07 - 8/31/08	51,706		10,535	51,706	(50,200)			12,041				
Title II, Part A, Teachers & Principals Training	84.567A	NCLB302006	9/1/06 - 8/31/07	52,112	10,535										
Title II, Part A, Teachers & Principals Training Carryover	84.318X	NCLB302007	9/1/07 - 8/31/08	2,516		1,379	2,516	(3,600)			295				
Title II, Part D, Enhancing Education Through Technology	84.318X	NCLB302006	9/1/06 - 8/31/07	2,007	1,379										
Title II, Part D, Enhancing Education Through Technology Carryover	84.365A	NCLB302007	9/1/07 - 8/31/08	31,886	10,875		31,886	(29,805)			12,956				
Title III, English Language Enhancement	84.365A	NCLB302006	9/1/06 - 8/31/07	41,636	10,875										
Title III, English Language Enhancement Carryover	84.365A	NCLB302007	9/1/07 - 8/31/08	46,652	9,431		8,871	(9,431)							
Title III Immigrant	84.186	NCLB302006	9/1/06 - 8/31/07	8,871	4,990		8,871	(12,050)			1,811				
Title IV, Safe & Drug Free Schools and Community	84.186	NCLB302007	9/1/07 - 8/31/08	9,363	4,990										
Title IV, Safe & Drug Free Schools and Community Carryover	84.186	NCLB302006	9/1/06 - 8/31/07	10,684	79							79			
Title IV, Safe & Drug Free Schools and Community Carryover	84.298	NCLB302006	9/1/05-8/31/06	2,397			2,397	(2,246)			151				
Title V, Innovative Education Program Strategies	84.298	NCLB302006	9/1/06 - 8/31/07	2,895											
Title V, Innovative Education Program Strategies Carryover	84.027	IDEA535007	9/1/07 - 8/31/08	297,269		4,310	297,269	(293,694)			7,885				
ID.E.A. Part B - Basic	84.027	IDEA535006	9/1/06 - 8/31/07	294,478	4,310										
ID.E.A. Part B - Basic Carryover	84.173	IDEA535006	9/1/07 - 8/31/08	8,790			8,790	(8,790)							
ID.E.A. Part B - Preschool	84.287	06-EK05-HS	7/1/07 - 6/30/08	535,000			468,123	(535,000)			(66,877)				
Twenty-First Century Community Learning Centers	84.287	05-EK05-HS	7/1/06 - 6/30/07	535,000	(66,954)		67,167		(213)			133			
Twenty-First Century Community Learning Centers	84.336A		7/1/04-6/30/05	1,173	133										
Teacher Quality Enhancement Grant-Mentoring															
Total Special Revenue Fund															
				1,173	100,593		1,295,569	(1,330,951)	(213)		(66,877)	133			
Total Federal Financial Awards															
				1,173	61,990		1,558,534	(1,594,678)	(213)		(106,242)	212			

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2007			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years Balances	Balance at June 30, 2008		MEMO Cumulative Total Expenditures	
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Carryover Amount				Deferred Revenue/ Interfund	Due to Grantor		Budgetary Receivable
State Department of Education													
General Fund:													
Transportation Aid	495-034-5120-014	7/1/07-6/30/08	364,427				364,427					364,427	
Special Education Aid	495-034-5120-011	7/1/07-6/30/08	608,896				608,896					608,896	
Bilingual Aid	495-034-5120-008	7/1/07-6/30/08	92,670				92,670					92,670	
Stabilization Aid	495-034-5120-030	7/1/07-6/30/08	100,000				100,000					100,000	
Consolidated Aid	495-034-5120-057	7/1/07-6/30/08	160,233				160,233					160,233	
Additional Formula Aid	495-034-5120-058	7/1/07-6/30/08	119,527				119,527					119,527	
High Expectations for Learning Proficiency	495-034-5120-480	7/1/07-6/30/08	118,319				118,319					118,319	
Extraordinary Aid	100-034-5120-473	7/1/07-6/30/08	23,136						(23,136)			23,136	
Teacher Quality Mentoring	100-034-5120-473	7/1/07-6/30/08	7,724	(7,724)								7,724	
Nonpublic Transportation Aid	N/A	7/1/07-6/30/08	962				962					962	
Nonpublic Transportation Aid	N/A	7/1/07-6/30/08	4,866				4,866					4,866	
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/07-6/30/08	3,828	(3,828)								3,828	
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/07-6/30/08	491,062				466,899		(24,163)			491,062	
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/07-6/30/08	487,513	(24,135)			24,135					487,513	
Total General Fund				(35,687)			2,067,620		(52,165)			2,583,163	
Special Revenue Fund:													
Early Childhood Program Aid	495-034-5120-025	7/1/07-6/30/08	547,386				547,386					541,046	
Demonstrably Effective Program Aid	495-034-5120-025	7/1/07-6/30/08	547,655	9,749						6,340		537,906	
Demonstrably Effective Program Aid	495-034-5064-002	7/1/07-6/30/08	351,801		10		351,801					351,801	
Targeted At-Risk Aid	495-034-5064-002	7/1/07-6/30/08	351,801	10	(10)							351,801	
NJ Nonpublic Aid:	495-034-5064-005	7/1/07-6/30/08	248,500				248,500			18,581		248,500	
Textbook Aid	100-034-5120-064	7/1/07-6/30/08	8,942				8,942					(8,942)	
Auxiliary Services:													
Compensatory Education	100-034-5120-067	7/1/07-6/30/08	27,869				27,869					27,869	
Compensatory Education	100-034-5120-067	7/1/07-6/30/08	45,381					(4,415)				40,966	
English as a Second Language	100-034-5120-067	7/1/07-6/30/08	18,270				18,270					18,270	
Handicapped Services:													
Examination and Classification	100-034-5120-066	7/1/07-6/30/08	8,717				8,717					2,745	
Examination and Classification	100-034-5120-066	7/1/07-6/30/08	11,025				11,025					2,745	
Corrective Speech	100-034-5120-066	7/1/07-6/30/08	4,464				4,464					4,464	
Nursing Services	100-034-5120-070	7/1/07-6/30/08	12,352				12,352					12,352	
Technology Initiative Aid	100-034-5120-373	7/1/07-6/30/08	6,400				6,400					6,400	
Evening School for Foreign Born Residents	100-034-5062-026	7/1/07-6/30/08	2,000				2,000			713		1,287	
Evening School for Foreign Born Residents	100-034-5062-026	7/1/07-6/30/08	1,719				1,719			6		1,713	
REBEL Program	N/A	7/1/07-6/30/08	2,100				2,100					1,808	
Social Norms Project	N/A	7/1/07-6/30/08	1,500				1,500					824	
Total Special Revenue Fund				22,460			1,240,301		(12,695)		719	57,384	2,145,555
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	100-010-3350-023	7/1/07-6/30/08	8,291				6,939		(1,352)			8,291	
National School Lunch Program (State Share)	100-010-3350-023	7/1/07-6/30/08	8,209	(1,477)			1,477					8,209	
State Breakfast Program	100-010-3350-021	7/1/07-6/30/08	3,200				2,518		(682)			3,200	
State Breakfast Program	100-010-3350-021	7/1/07-6/30/08	3,160	(561)			561					3,160	
Total Enterprise Fund				(2,038)			11,495		(2,034)			22,860	
Total State Financial Assistance				(15,265)			3,319,416		(84,199)	719	82,647	4,749,578	

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

City of Ventnor School District
Notes to the Schedules of Financial Assistance
June 30, 2008

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 Ventnor 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.

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 last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from budgetary basis to GAAP basis is \$887,881 for the general fund and (\$108,513) for the special revenue fund. See the following schedules and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

City of Ventnor School District
Notes to the Schedules of Financial Assistance
June 30, 2008

	<u>General fund</u>	<u>Special Revenue Fund</u>	<u>Food service fund</u>	<u>Total</u>
State Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 2,084,098	1,213,709	11,491	3,309,298
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(88,123)		(88,123)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	43,081	44,959		88,040
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(25,263)	(57,384)		(82,647)
On behalf payments recognized for GAAP purposes but not included in the Schedule of Expenditures of State Financial Assistance	860,063			860,063
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 2,961,979</u>	<u>1,113,161</u>	<u>11,491</u>	<u>4,086,631</u>

City of Ventnor School District
Notes to the Schedules of Financial Assistance
June 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 5,351	1,330,951	258,376	1,594,678
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(7,965)		(7,965)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 5,351</u>	<u>1,322,986</u>	<u>258,376</u>	<u>1,586,713</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2008. 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, 2008.

**CITY OF VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Part I -- Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

- D) 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
- E) Type of auditor's report on compliance for major programs Unqualified
- F) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes X no

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>Food Distribution program</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>School Snack Program</u>
<u>10.556</u>	<u>Special Milk Program</u>
<u>84.027</u>	<u>I.D.E.A. Part B - Basic</u>
<u>84.173</u>	<u>I.D.E.A. Part B - Preschool</u>

- H) Dollar threshold used to determine Type A programs: \$ 300,000
- I) Auditee qualified as low-risk auditee? X yes no n/a

**CITY OF VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Part I -- Summary of Auditor's Results

State Awards Section

- J) 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
- K) Type of auditor's report on compliance for major programs _____ Unqualified _____
- L) 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
- M) Identification of major programs:
- | <u>GMIS Number(s)</u> | <u>Name of State Program</u> |
|-----------------------|--|
| 495-034-5120-011 | Special Education Aid |
| 495-034-5120-008 | Bilingual Aid |
| 495-034-5120-030 | Stabilization Aid |
| 495-034-5120-057 | Consolidated Aid |
| 495-034-5120-058 | Additional Formula Aid |
| 495-034-5120-480 | High Expectations for Learning Proficiency |
| 495-034-5064-005 | Targeted At-Risk Aid |
| | |
- N) Dollar threshold used to determine Type A programs: _____ \$300,000 _____
- O) Auditee qualified as low-risk auditee? X yes _____ no _____ n/a

**CITY OF VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2008**

Part 2 – Schedule of Financial Statement Findings

None

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

None

Status of Prior Year Findings

None

DRAFT