

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, 2011

Comprehensive Annual Financial Report

of the

City of Ventnor Board of Education

Ventnor, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

City of Ventnor Board of Education

Business Administration

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-7
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10
FINANCIAL SECTION	
Independent Auditor's Report	11-12
Required Supplementary Information - Part I	
Management's Discussion and Analysis	13-21
Basic Financial Statements	
A District-wide Financial Statements:	
A-1 Statement of Net Assets	22
A-2 Statement of Activities	23
B Fund Financial Statement	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Assets	27
B-5 Statement of Revenues, Expenses, and Changes in Net Assets	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	30
B-8 Statement of Changes in Fiduciary Net Assets	31
Notes to the Financial Statements	32-49

TABLE OF CONTENTS (continued)

	Required Supplemental Information - Part II	Page
C	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	50-59
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	60-61
	Notes to the Required Supplementary Information	
	C-3 Budget-to-GAAP Reconciliation	62
	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	63-65
	E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	66
F	Capital Projects Fund:	
	F-1 Summary Schedule of Project Expenditures	67
	F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	68
	F-2a Schedule of Project Revenues and Expenditures	69
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	70
	H-2 Combining Statement of Changes in Fiduciary Net Assets	71
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	72
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	73
I	Long-Term Debt:	
	I-1 Schedule of Serial Bonds	N/A
	I-2 Schedule of Obligations under Capital Leases	74
	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	75
	J-2 Changes in Net Assets	76-77
	J-3 Fund Balances - Governmental Funds	78
	J-4 Changes in Fund Balances - Governmental Funds	79
	J-5 General Fund Other Local Revenue by Source	80
	Revenue Capacity	
	J-6 Assess Value and Estimated Actual Value of Taxable Property	81
	J-7 Direct and Overlapping Property Tax Rates	82
	J-8 Principal Property Taxpayers	83
	J-9 Property Tax Levies and Collections	84
	Debt Capacity	
	J-10 Ratios of Outstanding Debt by Type	85
	J-11 Ratios of General Bonded Debt Outstanding	86
	J-12 Direct and Overlapping Governmental Activities Debt	87
	J-13 Legal Debt Margin Information	88
	Demographic and Economic Information	
	J-14 Demographic and Economic Statistics	89
	J-15 Principal Employers	90
	Operating Information	
	J-16 Full-time Equivalent District Employees by Function/Program	91
	J-17 Operating Statistics	92
	J-18 School Building Information	93
	J-19 Schedule of Required Maintenance Expenditures by School Facility	94
	J-20 Insurance Schedule	95

TABLE OF CONTENTS (continued)

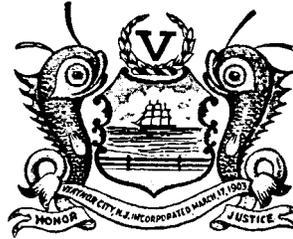
SINGLE AUDIT SECTION	Page
K-1 Report on Internal Controls over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	96-97
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	98-99
K-3 Schedule of Expenditures of Federal Awards, Schedule A	100
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	101
K-5 Notes to the Schedules of Awards and Financial Assistance	102-104
K-6 Schedule of Findings and Question Costs	
Part I - Summary of Auditor's Results	105-106
Part 2 - Schedule of Financial Statement Findings	107
Part 3 - Schedule of Federal and State Award Findings and Questioned Costs	107
K-7 Summary Schedule of Prior Audit Findings	107

Introductory Section

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Ventnor Educational Community Complex

Interim Superintendent
ROBERT BAKER
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Business Administrator/Board Secretary
JANN L. COHEN, CPA
(609) 487-7900 Ext 513



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September 14, 2011

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, 2011, 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 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 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 technology opportunities for all children, computer assisted research and services through 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 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 2010-2011 fiscal year with an enrollment of 936 students. The following details the changes in the student enrollment of the district over the last six years:

<u>Year</u>	<u>Enrollment</u>
2010 - 2011	936
2009 - 2010	981
2008 - 2009	995
2007 - 2008	946
2006 - 2007	956
2005 - 2006	1005

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.

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 and the finishing touches of a multimillion dollar renovation project will be completed over the summer of 2010. The 2001 project included 16 classrooms, new roofing over the oldest section of the building, renovated cafeteria and kitchen, some classrooms, and a new gym. The summer 2010 consists of renovation of the oldest portions of the facility to include a new roof, windows and new HVAC systems.

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 285 regular education, for 19 Multiply Disabled, for 3 Behavioral Disabled and for 1 Learning and/or Language Disabled special education student to the high school during the 2010-11 school year at a tuition rate of \$20,630, \$33,070, \$22,631, and \$24,066 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 2011-2012 school year, the district will operate with a budget of \$21,212,255. The district's management team consists of a superintendent, business administrator/board secretary, an elementary school principal and a middle school principal, and a director of special services. The staff team employed by the district consists of 92 full or part-time certified instructional staff, 4 secretaries, 4 full and 1 part-time clerk typist, 10 full time support staff, and 22 part-time support personnel. In addition, a Child Study Team is available. The team consists of a part-time 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, 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 school district's student population has consistently decreased in recent years showing its highest enrollment of 1150 students in the 2002-2003 school year. The Board of Education and the Board of School Estimate, (realizing the increased growth in student population) established a four-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. Phase IV added air conditioning and a new roof and windows to the older sections of the building.

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 58.8% in October 2010. 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. A major technology upgrade will be completed during the 2011-2012 school year. All classrooms will be outfitted with HDTV's linked to the internet. 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 Global Connect phone notification system are used throughout the school year and summer 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 New Jersey 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. In addition they have HDTV's linked to the Internet for instructional purposes. 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, 2011.

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.

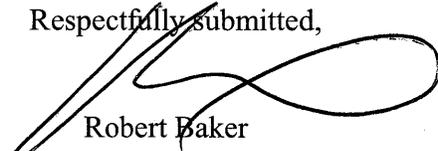
8) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 1. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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.

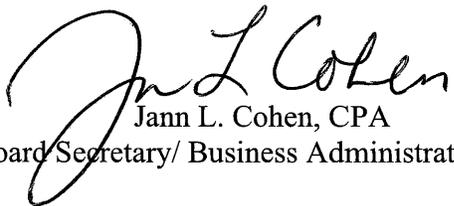
10) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Accounting firm of Swartz & Co., LLC, CPAs, was selected by the Board’s Finance Committee. In addition to meeting the requirements set 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,

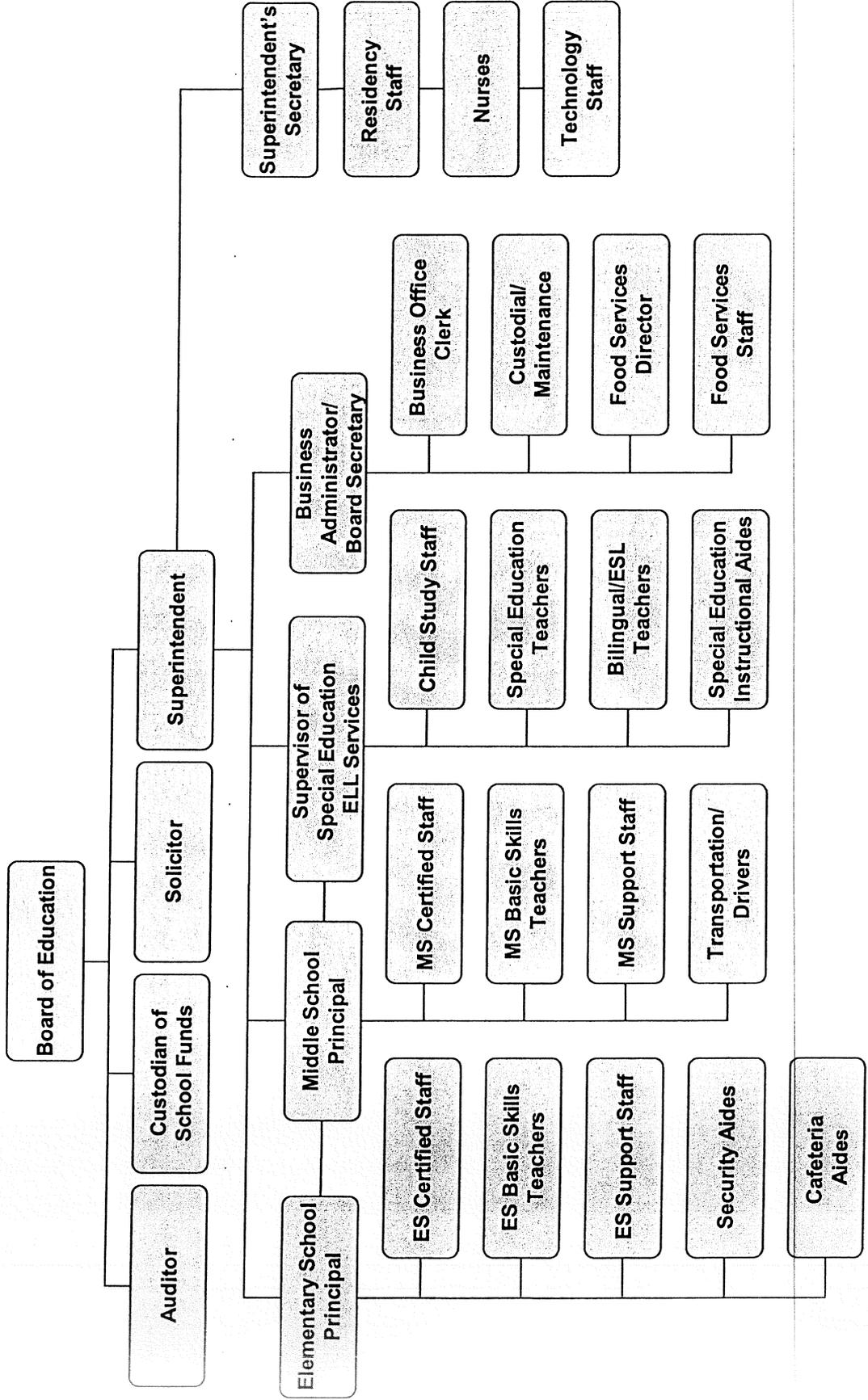


Robert Baker
Interim Superintendent



Jann L. Cohen, CPA
Board Secretary/ Business Administrator

Ventnor Board of Education Organizational Chart



CITY OF VENTNOR BOARD OF EDUCATION

Roster of Officials June 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lisa Martinelli, President	2014
James Pacanowski II, Vice President	2013
Joan Glick	2013
Douglas Biagi	2012
Kimberly Bassford	2014
Robert Pantalena	2012
Julie Rice	2014

Other Officials

Carmine C. Bonanni, Jr., Superintendent

Jann Cohen, CPA, School Business Administrator/Board Secretary

Charles Beirne, Treasurer

Catherine Tuohy, Esq., Solicitor

CITY OF VENTNOR BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

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

Attorney

Catherine Tuohy, Esq.
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Atlantic City, NJ 08401

Official Depository

Ocean City Home Savings and Loan
6302 Ventnor Avenue
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Financial Section

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
City of 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, 2011, 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, 2011, 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 September 14, 2011 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 financial 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.

Licensed Public School Accountant
No. CS00499

Swartz & Co., LLC
Certified Public Accountants

September 14, 2011

Required Supplementary Information
Part I

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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, 2011. 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 increased approximately \$2,800,000. The increase is due to construction in progress for various capital improvements to the school.
- The State of New Jersey reimbursed the District \$513,172 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions and pension contributions for TPAF members as calculated on their base salaries. Also, the State of New Jersey paid \$461,751 on behalf of the District for TPAF Pension Contributions. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2011, the District had excess fund balance in the amount of \$391,946 of which \$130,101 has been included in the 2011-2012 budget and the remaining \$261,845 will be included in the 2012-2013 budget.
- During the fiscal year ended June 30, 2011, the District's revenues and special items exceeded expenditures by \$94,580. During the prior fiscal year, expenditures exceeded revenues and special items by approximately \$625,500.
- In the District's business-type activities, net assets decreased \$58,392 due to the elimination of the Fresh Fruit and Vegetables Grant.

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.
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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 increased approximately \$2,885,000 between fiscal years 2010 and 2011 due to construction in progress for various capital improvements to the school. The business-type activities net assets decreased approximately \$58,000 due to the discontinuation of the Fresh Fruit and Vegetables Grant.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 1,179,054	1,709,962	251,169	295,956	1,430,223	2,005,918
Capital assets	21,026,081	18,335,578	29,896	41,357	21,055,977	18,376,935
Total assets	22,205,135	20,045,540	281,065	337,313	22,486,200	20,382,853
Long-term liabilities	544,804	429,850			544,804	429,850
Other liabilities	135,520	977,744	17,419	15,275	152,939	993,019
Total liabilities	680,324	1,407,594	17,419	15,275	697,743	1,422,869
Net assets						
Invested in Capital Assets	20,853,166	18,228,757	29,896	41,357	20,883,062	18,270,114
Restricted	429,412	755,525			429,412	755,525
Unrestricted	242,233	(346,336)	233,750	280,681	475,983	(65,655)
Total net assets	\$ 21,524,811	18,637,946	263,646	322,038	21,788,457	18,959,984

Changes in net assets. The total general fund revenue of the District increased approximately \$3,400,000 due an increase in bond proceeds of \$3,800,000. The local tax levy is 67.33% 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 10.5% 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 SFRA formula. The District expenses are primarily related to instruction, administration, and plant operations.

	2011		2010	
	2011 Amount	Percentage	2010 Amount	Percentage
Property taxes	\$ 17,142,480	67.33%	\$ 16,686,417	75.73%
Unrestricted Federal and State aid	2,681,178	10.53%	3,083,699	13.99%
Transportation	312,527	1.23%	257,260	1.17%
Miscellaneous	175,667	0.69%	56,616	0.26%
Bond Proceeds	3,833,861	15.06%	388,455	1.76%
Operating grants and contributions	1,312,931	5.16%	1,563,020	7.09%
Totals	\$ 25,458,644	100.00%	22,035,467	100.00%

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2011 and 2010 fiscal years.

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenue						
Charges for services	320,471	257,260	219,138	213,478	539,609	470,738
Federal and state grants	1,312,931	1,563,020	314,391	381,749	1,627,322	1,944,769
General revenues						
Property taxes	17,142,480	16,686,417			17,142,480	16,686,417
State aid entitlements	2,681,178	3,083,699			2,681,178	3,083,699
Bond Proceeds	3,833,861	388,455			3,833,861	388,455
Miscellaneous	175,667	56,616			175,667	56,616
Total revenues	25,466,588	22,035,467	533,529	595,227	26,000,117	22,630,694
Expenses						
Instruction:						
Regular	7,089,836	7,316,645			7,089,836	7,316,645
Special Education	1,066,985	1,109,908			1,066,985	1,109,908
Other special instruction	640,079	632,289			640,079	632,289
Other Instruction	18,750	59,641			18,750	59,641
Non-Public Programs	23,545	69,279			23,545	69,279
Support services:						
Instruction	8,583,762	8,407,993			8,583,762	8,407,993
Student & instruction related	1,264,699	1,321,322			1,264,699	1,321,322
School admin services	641,191	653,213			641,191	653,213
General admin services	381,716	363,384			381,716	363,384
Plant operations/maint	1,335,868	1,415,671			1,335,868	1,415,671
Pupil transportation	1,056,253	1,150,622			1,056,253	1,150,622
Business and other support services	316,074	324,404			316,074	324,404
Capital outlay	160,965					
Business-type activities			591,921	586,630	591,921	586,630
Total expenses	22,579,723	22,824,371	591,921	586,630	23,010,679	23,411,001
Excess (Deficiency) before						
Extraordinary and Special items	2,886,865	(788,904)	(58,392)	8,597	2,828,473	(780,307)
Increase (decrease) in net assets	2,886,865	(788,904)	(58,392)	8,597	2,828,473	(780,307)
Net assets – beginning	18,637,946	19,426,850	322,038	313,441	18,959,984	19,740,291
Net assets – ending	21,524,811	18,637,946	263,646	322,038	21,788,457	18,959,984

Business-type Activities

Operating revenues of the District's business-type activities decreased \$61,600 over the previous year and expenses increased by \$5,000.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,068,596 which is \$94,535 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 was more than the budget by \$208,000. This is a result of the sale of the school buses during the current year. Again, after adjusting for the Reimbursed TPAF Social Security Contribution, on-behalf TPAF Pension Contributions, actual expenditures were \$275,000 less than the budgeted appropriations.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had invested over \$21 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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 100,000	\$ 100,000			100,000	100,000
Construction in progress	\$ 2,627,202					
Buildings and Improvements	18,219,751	17,723,855			18,219,751	17,723,855
Equipment	79,128	511,723	62,438	41,357	141,566	553,080
Total	<u>\$ 21,026,081</u>	<u>18,335,578</u>	<u>62,438</u>	<u>41,357</u>	<u>18,461,317</u>	<u>18,376,935</u>

Long-term Debt

The District's debt consisted of capital leases for technology equipment in the amount \$172,915. The District is Type I and all other school debt is held by the City.

	Balance June 30, 2010	Issued	Retired/ Adjusted	Balance June 30, 2011
Obligations under Capital Leases	\$ 106,821	124,887	58,793	172,915
Compensated Absences Payable	540,661	68,270	237,042	371,889
Total	<u>\$ 647,482</u>	<u>193,157</u>	<u>295,835</u>	<u>544,804</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.

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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, 2011

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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, 2011

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 634,977	199,141	834,118
Receivables, net	11,538	17,076	28,614
Due from other governments	552,979	-	552,979
Internal Funds	-	-	-
Due from fiduciary funds	12,102		12,102
Inventory		2,410	2,410
Capital assets not being depreciated:			
Land	100,000		100,000
Construction in Progress	2,627,202		2,627,202
Capital assets, net of accumulated depreciation	18,298,879	62,438	18,361,317
Total Assets	<u>22,237,677</u>	<u>281,065</u>	<u>22,518,742</u>
LIABILITIES			
Accounts payable	53,957	17,419	71,376
Payable to state government	23,334		23,334
Accrued Interest Payable	5,202		5,202
Deferred revenue	53,027		53,027
Noncurrent liabilities:			
Due within one year	55,274		55,274
Due beyond one year	489,530		489,530
Total liabilities	<u>680,324</u>	<u>17,419</u>	<u>697,743</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	20,853,166	62,438	20,915,604
Restricted for:			
Other purposes	429,412		429,412
Unrestricted	274,775	201,208	475,983
Total Net Assets	<u>\$ 21,557,353</u>	<u>263,646</u>	<u>21,820,999</u>

See accompanying notes to the financial statements

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Activities
For the Year Ended June 30, 2011

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
Governmental activities:						
Instruction:						
Regular	\$ 5,866,850	1,222,983	7,944	1,261,208	(5,820,681)	(5,820,681)
Special education	884,450	182,534			(1,066,984)	(1,066,984)
Other special instruction	530,577	109,501			(640,078)	(640,078)
Other instruction	15,542	3,208			(18,750)	(18,750)
Non-Public Programs	19,517	4,028		18,919	(4,626)	(4,626)
Support services:						
Instruction	7,115,364	1,468,480		32,830	(8,551,014)	(8,551,014)
Student and Instruction Related Services	1,048,340	216,358			(1,264,698)	(1,264,698)
General Administration	316,414	65,302			(381,716)	(381,716)
School Administration	531,652	109,538			(641,190)	(641,190)
Operations and Maintenance	1,107,334	228,533			(1,335,867)	(1,335,867)
Student Transportation	875,554	180,698	312,527	45	(743,680)	(743,680)
Business and Other Support Services	262,002	54,071			(316,073)	(316,073)
Unallocated benefits	3,845,234	(3,845,234)			-	-
Capital Outlay	160,965				(160,965)	(160,965)
Total governmental activities	22,579,795	-	320,471	1,313,002	(20,946,322)	(20,946,322)
Business-type activities:						
After school program	26,289		22,716		(3,573)	(3,573)
Food Service	565,632		196,422	314,391	(54,819)	(54,819)
Total business-type activities	591,921		219,138	314,391	(58,392)	(58,392)
Total Primary Government	\$ 23,171,716		539,609	1,627,393	(20,946,322)	(21,004,714)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net					17,142,480	17,142,480
Federal and State Aid Not Restricted					2,681,178	2,681,178
Miscellaneous Income					592,306	592,306
Bond Proceeds					3,833,861	3,833,861
Loss on Disposal of Buses					(384,096)	(384,096)
Total General Revenues, Special Items, Extraordinary Items, and Transfers					23,865,729	23,865,729
Change in Net Assets					2,919,407	2,861,015
Net Assets—beginning					18,637,946	18,959,984
Net Assets—ending					21,557,353	21,820,999

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.

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 634,977	-		634,977
Due from other funds	410,382			410,382
Receivables from other governments	92,820	148,391	311,768	552,979
Receivables, net	11,538			11,538
Total assets	<u>1,149,717</u>	<u>148,391</u>	<u>311,768</u>	<u>1,609,876</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	48,579	5,378		53,957
Due to other funds		86,512	311,768	398,280
Payable to Other Governments		23,334		23,334
Deferred revenue		53,027		53,027
Total liabilities	<u>48,579</u>	<u>168,251</u>	<u>311,768</u>	<u>528,598</u>
Fund Balances:				
Restricted for:				
Excess surplus	261,845			261,845
Excess surplus - designated for Subsequent year's expenditures	130,101			130,101
Committed to:				
Maintenance Reserve	9,700			9,700
Designated for Subsequent Year's Expenditures	249,899			249,899
Assigned to:				
Encumbrances	39,712			39,712
Unreserved, reported in:				
General Fund	409,881		-	409,881
Special Revenue Fund		(19,860)		(19,860)
Total Fund balances	<u>1,101,138</u>	<u>(19,860)</u>	<u>-</u>	<u>1,081,278</u>
Total Liabilities and Fund Balances	<u>\$ 1,149,717</u>	<u>148,391</u>	<u>311,768</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 \$30,080,224, and the accumulated depreciation is \$9,054,143.	21,026,081
Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,202)
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.	<u>(544,804)</u>
Net assets of governmental activities	<u>21,557,353</u>

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, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$ 17,142,480			17,142,480
Transportation	312,527			312,527
Tuition	7,944			7,944
Miscellaneous	592,306			592,306
State sources	2,680,062	219,835		2,899,897
Federal sources	1,116	1,093,167		1,094,283
	<u>20,736,435</u>	<u>1,313,002</u>	<u>-</u>	<u>22,049,437</u>
Total revenues				
EXPENDITURES				
Current:				
Regular instruction	4,655,458	1,088,757		5,744,215
Special education instruction	857,345			857,345
Other special instruction	514,316			514,316
Other instruction	15,066			15,066
Non-Public Programs		18,919		18,919
Support services and undistributed costs:				
Instruction	6,864,470	32,830		6,897,300
Student and Instruction Related Services	1,016,211			1,016,211
General Administration	306,717			306,717
School Administration	514,490			514,490
Operations and Maintenance	1,073,398			1,073,398
Student Transportation	848,721			848,721
Business and Other Support Services	253,972			253,972
Unallocated Benefits	3,672,783	172,451		3,845,234
Capital outlay	173,840	-	3,833,861	4,007,701
	<u>20,766,787</u>	<u>1,312,957</u>	<u>3,833,861</u>	<u>25,913,605</u>
Total expenditures				
Excess (Deficiency) of revenues over expenditures	<u>(30,352)</u>	<u>45</u>	<u>(3,833,861)</u>	<u>(3,864,168)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Food Service	32,542			32,542
Bond Proceeds			3,833,861	3,833,861
Capital Leases	124,887			124,887
	<u>157,429</u>	<u>-</u>	<u>3,833,861</u>	<u>3,991,290</u>
Total other financing sources and uses				
Net change in fund balances	127,077	45	-	127,122
Fund balance—July 1	974,061	(19,905)	-	954,156
Fund balance—June 30	<u>\$ 1,101,138</u>	<u>(19,860)</u>	<u>-</u>	<u>1,081,278</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, 2011

Total net change in fund balances - governmental funds (from B-2) \$ 127,122

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	(739,775)	
Capital outlays	<u>3,846,736</u>	3,106,961

Issuance of capital leases is a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net assets and is not reported in the statement of activities. (124,887)

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. 58,973

In the statement of activities, any losses on the disposal of fixed assets are reported in the current year. (449,180)

In the statement of activities, any transfer of fixed assets are reported in the current year. 32,542

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. (-) (896)

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 (+). 168,772

Change in net assets of governmental activities \$ 2,919,407

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds		
	Food Service	After School Program (Non-major fund)	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 165,449	33,692	199,141
Accounts receivable			
Other	17,076	-	17,076
Inventories	2,410		2,410
Total current assets	184,935	33,692	218,627
Noncurrent assets:			
Furniture, machinery & equipment	186,059		186,059
Less accumulated depreciation	(123,621)		(123,621)
Total noncurrent assets	62,438	-	62,438
Total assets	247,373	33,692	281,065
LIABILITIES			
Current liabilities:			
Accounts payable	17,419	-	17,419
NET ASSETS			
Invested in capital assets net of accumulated depreciation	62,438		62,438
Unrestricted	167,516	33,692	201,208
Total net assets	\$ 229,954	33,692	263,646

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, 2011

	Business-type Activities -		Total
	Food Service	After School Program (Non-major fund)	
OPERATING REVENUES:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 51,565		51,565
Daily Sales - Non-Reimbursable Programs	127,781		127,781
Miscellaneous	17,076		17,076
After School Program Revenue		22,716	22,716
Total Operating Revenues	196,422	22,716	219,138
OPERATING EXPENSES:			
Salaries	165,463	19,284	184,747
Employee Benefits	35,069	7,005	42,074
Other Purchased Services	69,165		69,165
Cost of Sales	261,502		261,502
Depreciation	17,433		17,433
Other Costs	17,000		17,000
Total Operating Expenses	565,632	26,289	591,921
Operating income (loss)	(369,210)	(3,573)	(372,783)
NONOPERATING REVENUES:			
State sources:			
State School Lunch Program	5,027		5,027
Federal sources:			
National School Lunch Program	218,374		218,374
National School Breakfast Program	52,821		52,821
National School Snack Program	8,305		8,305
Special Milk Program	631		631
Food Distribution Program	29,233		29,233
Total Nonoperating Revenues	314,391	-	314,391
Net Income/(loss)	(54,819)	(3,573)	(58,392)
Net Assets - July 1	284,773	37,265	322,038
Net Assets - June 30	\$ 229,954	33,692	263,646

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, 2011

	Business-type Activities -		
	Enterprise Fund		
	Food Service	After School Program (Non-major fund)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 197,086	22,986	220,072
Cash payments to employees for services	(200,532)	(26,289)	(226,821)
Cash payments to suppliers for goods and services	(316,715)	-	(316,715)
Net cash provided/(used) by operating activities	<u>(320,161)</u>	<u>(3,303)</u>	<u>(323,464)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash received from state and federal reimbursements	311,284		311,284
Return of Interfund	179,906		179,906
Net cash provided by noncapital financing activities	<u>491,190</u>	<u>-</u>	<u>491,190</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of equipment	(38,514)		(38,514)
Net cash (used) by capital financing activities	<u>(38,514)</u>	<u>-</u>	<u>(38,514)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	-		-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	132,515	(3,303)	129,212
Cash and Cash Equivalents, July 1	32,934	36,995	69,929
Cash and Cash Equivalents, June 30	<u>\$ 165,449</u>	<u>33,692</u>	<u>199,141</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income/(Loss)	\$ (369,210)	(3,573)	(372,783)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash provided by (used for) Operating Activities:			
Depreciation	17,433		17,433
Federal Commodities	29,233		29,233
Change in assets and liabilities:			
Decrease in accounts receivable	664	270	934
(Increase) in inventory	(425)		(425)
Increase in accounts payable	2,144		2,144
Net Cash Provided by (Used for) Operating Activities	<u>\$ (320,161)</u>	<u>(3,303)</u>	<u>(323,464)</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Trust Funds	Agency Funds
	Unemployment Compensation Trust	
ASSETS		
Cash and cash equivalents	\$ 7,373	97,188
Due from payroll agency	3,677	
Total assets	11,050	97,188
LIABILITIES		
Due to the State of New Jersey	8,088	
Interfund accounts payable:		
Due to general fund	4,655	7,447
Due to unemployment compensation trust		3,677
Payable to student groups		16,083
Payroll deductions and withholdings		69,981
Total liabilities	12,743	97,188
NET ASSETS		
Held in trust for unemployment claims and other purposes	\$ (1,693)	

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, 2011

	Unemployment Compensation Trust
	2011
ADDITIONS	
Contributions:	
Employee Contributions	\$ 12,615
Board Contributions	70,000
Investment earnings:	
Interest	620
Total additions	83,235
DEDUCTIONS	
Unemployment claims	155,940
Total deductions	155,940
Change in net assets	(72,705)
Net assets—beginning of the year	71,012
Net assets—end of the year	\$ (1,693)

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, 2011 of 987 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, 2011

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.

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

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011**

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 Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

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, 2011, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 2,094
Supplies	316
Total	<u>\$ 2,410</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.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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. 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. Fund Balances – Governmental Funds

Stone Harbor Board of Education elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, ect.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District’s highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District’s policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

6. 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.

7. 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.

8. Compensated absences:

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

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

9. 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.

10. 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.

11. 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, 2011**

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.

12. Tuition Payable

Tuition charges for the fiscal years 2010/11 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

13. Use of Estimates

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

14. 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.

NOTE 2. INVESTMENTS

As of June 30, 2011, 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.

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

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

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

NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2011 \$340 of the District's bank balance of \$1,619,636 was exposed to custodial credit risk.

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 100,000			\$ 100,000
Construction in Progress	-	2,627,202		2,627,202
Total capital assets not being depreciated	<u>100,000</u>	<u>2,627,202</u>	<u>-</u>	<u>2,727,202</u>
Bldg and bldg improve	25,695,825	1,213,433		26,909,258
Machinery & equipment	1,316,861	6,100	(879,197)	443,764
Total at historical cost	<u>27,012,686</u>	<u>1,219,533</u>	<u>(879,197)</u>	<u>27,353,022</u>
Less accum depr for:				
Bldg and improve	(7,971,970)	(717,537)		(8,689,507)
Equipment	(805,138)	(22,238)	462,740	(364,636)
Total accum deprec	<u>(8,777,108)</u>	<u>(739,775)</u>	<u>462,740</u>	<u>(9,054,143)</u>
Total capital assets being depr, net of accum depr	<u>18,235,578</u>	<u>479,758</u>	<u>(416,457)</u>	<u>18,298,879</u>
Governmental activities capital assets, net	<u>\$ 18,335,578</u>	<u>3,106,960</u>	<u>(416,457)</u>	<u>21,026,081</u>
Business-type activities:				
Equipment	147,545	38,514		186,059
Less accum depr for:				
Equipment	(106,188)	(17,433)		(123,621)
Business-type activities capital assets, net	<u>\$ 41,357</u>	<u>21,081</u>	<u>-</u>	<u>62,438</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$	234,466
Special education		35,037
Other special instruction		21,019
Other instruction		616
Nonpublic programs		926
Instruction		283,689
Student & instruction related services		41,530
School administrative expenses		21,026
General and business administration		12,535
Plant operations and maintenance		43,867
Pupil Transportation		34,685
Business and other Support Services		10,379
	<u>\$</u>	<u>739,775</u>

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Balance June</u> <u>30, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June</u> <u>30, 2011</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Obligations under Capital Leases	\$ 106,821	124,887	58,793	172,915	55,274
Compensated Absences Payable	540,661	68,270	237,042	371,889	
	<u>\$ 647,482</u>	<u>193,157</u>	<u>295,835</u>	<u>544,804</u>	<u>55,274</u>

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, 2011

B. Capital Leases – The district is leasing technology equipment totaling \$161,884 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, 2011.

Year Ended June 30,	Principal	Interest	Total
2012	\$ 55,274	7,596	62,870
2013	57,671	5,198	62,869
2014	29,325	2,699	32,024
2015	30,645	1,379	32,024
Total	<u>\$ 172,915</u>	<u>16,872</u>	<u>189,787</u>

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

In July 2006, August 2009 and December 2010 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.

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.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

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, 2011, 2010, and 2009 were \$0, \$0, and \$21,699, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for 2008. However, the contributions for 2011 and 2010 were not made by the State. The School District's contributions to PERS for the years ending June 30, 2011, 2010 and 2009 were \$143,766 \$105,597, and \$98,891 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2011, 2010 and 2009, the State of New Jersey contributed \$461,751 \$455,015, and \$413,962, 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 \$513,172, \$516,936, and \$513,089, 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. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

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.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

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.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2011 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>
2010-2011	\$ 70,000	13,235	155,940	(1,693)
2009-2010		15,087	44,202	71,012
2008-2009	-	15,585	14,101	100,127
2007-2008	5,000	15,796	2,739	98,643

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011**

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 410,382	
Special Revenue Fund		86,512
Capital Projects Fund		311,768
Trust Fund		4,655
Agency Fund		7,447
 Total	 <u>\$ 410,382</u>	 <u>410,382</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 95% of the Districts 2010-2011 governmental operations.

NOTE 13. FUND BALANCE APPROPRIATED

General Fund – Of the \$1,068,596 General Fund fund balance at June 30, 2011, \$39,712 is reserved for encumbrances; \$391,946 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$130,101 of the total reserve for excess surplus has been appropriated and also included as anticipated revenue for the year ending June 30, 2012); \$249,899 has been legally restricted and included as anticipated revenue for the year ending June 30, 2012; \$9,700 has been reserved in the Maintenance Reserve Account; and \$377,339 is unreserved and undesignated.

NOTE 14. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$391,946, of which \$130,101 has been appropriated and included as anticipated revenue for the year ended June 30, 2012.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2011

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 \$(19,860) in the Special Revenue Fund as of June 30, 2011 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.

A large increase in current year unemployment claims has created a deficit in the net assets of the Unemployment Compensation Trust Fund. The District has budgeted a contribution for the 2011-12 fiscal year that will eliminate this deficit.

NOTE 17. SUBSEQUENT EVENT

The District has evaluated events through September 14, 2011, the date on which the financial statements were available to be issued and no additional items were noted for disclosure.

Required Supplementary Information
Part II

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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.

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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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,142,480	-	17,142,480	17,142,480	-
Tuition	-	-	-	7,944	7,944
Transportation	248,880	63,918	312,798	312,527	(271)
Miscellaneous	446,003	-	446,003	592,306	146,303
Total - Local Sources	17,837,363	63,918	17,901,281	18,055,257	153,976
State Sources:					
Categorical Transportation Aid	325,321	-	325,321	325,321	-
Categorical Special Education Aid	656,432	-	656,432	656,432	-
Categorical Security Aid	340,941	-	340,941	340,941	-
Adjustment Aid	214,450	-	214,450	214,450	-
Extraordinary Aid	-	-	-	52,744	52,744
Nonpublic Transportation Aid	-	-	-	14,330	14,330
On-Behalf TPAF Pension Contributions (non-budgeted)	-	-	-	461,751	461,751
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	513,172	513,172
Total - State Sources	1,537,144	-	1,537,144	2,579,141	1,041,997
Federal Sources:					
Medicaid Reimbursement	13,370	-	13,370	1,116	(12,254)
Total - Federal Sources	13,370	-	13,370	1,116	(12,254)
Total Revenues	19,387,877	63,918	19,451,795	20,635,514	1,183,719

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, 2010

	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	3,400	1,600	5,000	4,033	967
Kindergarten	349,000	5,000	354,000	353,810	190
Grades 1-5	2,277,400	16,362	2,293,762	2,286,659	7,103
Grades 6-8	1,621,200	(8,600)	1,612,600	1,578,202	34,398
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	6,507	13,507	13,506	1
Purchased Professional - Educational Services	1,000	-	1,000	-	1,000
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	63,500	-	63,500	63,454	46
General Supplies	158,607	(12,016)	146,591	119,513	27,078
Textbooks	13,200	-	13,200	8,871	4,329
Other Objects	1,500	-	1,500	-	1,500
Total Regular Programs	4,495,807	8,853	4,504,660	4,428,048	76,612
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	667,100	5,000	672,100	670,500	1,600
Other Salaries for Instruction	134,100	32,000	166,100	162,459	3,641
Total Resource Room/Resource Center	801,200	37,000	838,200	832,959	5,241

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Home Instruction - Special Salaries of Teachers	35,000	-	35,000	23,847	11,153
Purchased Professional - Educational Services	15,000	(6,000)	9,000	539	8,461
Total Home Instruction - Special	50,000	(6,000)	44,000	24,386	19,614
Total Special Education - Instruction	851,200	31,000	882,200	857,345	24,855
Basic Skills/Remedial- Instruction Salaries of Teachers	184,100	(39,000)	145,100	140,076	5,024
Total Basic Skills/Remedial - Instruction	184,100	(39,000)	145,100	140,076	5,024
Bilingual Education - Instruction: Salaries of Teachers	370,400	10,000	380,400	374,240	6,160
Total Bilingual Education - Instruction	370,400	10,000	380,400	374,240	6,160
School Sponsored Cocurricular Activities - Instruction: Salaries	9,800	-	9,800	9,091	709
Purchased Services (300-500 Series)	500	300	800	682	118
Supplies and Materials	3,400	-	3,400	826	2,574
Other Objects	1,400	-	1,400	969	431
Total School Sponsored Cocurricular Activities - Instruction	15,100	300	15,400	11,568	3,832
School Sponsored Athletics - Instruction Salaries		1,700	1,700	1,641	59
Total School Sponsored Athletics - Instruction	-	1,700	1,700	1,641	59
Summer School - Instruction Salaries	1,892	-	1,892	1,857	35
Total Summer School - Instruction	1,892	-	1,892	1,857	35

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Total Instruction	5,918,499	12,853	5,931,352	5,814,775	116,577
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	5,551,076	38,300	5,589,376	5,569,293	20,083
Tuition to Other LEAs within the State - Special	592,005	82,000	674,005	673,965	40
Tuition to Co. Voc. School Dist. - Regular	103,421	-	103,421	103,421	-
Tuition to CSSD & Regional Day Schools	431,489	(204,670)	226,819	225,829	990
Tuition to Private Schools for the Disabled- Within State	50,673	137,500	188,173	180,477	7,696
Tuition - State Facilities	111,485	-	111,485	111,485	-
Total Undistributed Expenditures - Instruction	6,840,149	53,130	6,893,279	6,864,470	28,809
Undistributed Expenditures - Attendance and Social Work:					
Salaries	14,900	-	14,900	14,900	-
Other Purchased Services	15,750	-	15,750	15,161	589
Supplies and Materials	200	-	200	190	10
Total Undistributed Expenditures - Attendance and Social Work	30,850	-	30,850	30,251	599
Undistributed Expenditures - Health Services:					
Salaries	144,600	-	144,600	130,008	14,592
Purchased Professional and Technical Services	9,000	-	9,000	7,276	1,724
Supplies and Materials	5,538	-	5,538	4,504	1,034
Total Undistributed Expenditures - Health Services	159,138	-	159,138	141,788	17,350
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	132,300	(13,630)	118,670	112,730	5,940
Purchased Professional Educational Services	43,600	40,000	83,600	81,798	1,802
Total Undistributed Expenditures - Other Support Services - Students - Related Services	175,900	26,370	202,270	194,528	7,742

**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, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Other Support Services - Extra. Serv. Salaries	76,100	-	76,100	73,143	2,957
Purchased Professional Educational Services	32,200	(22,000)	10,200	5,862	4,338
Total Undistributed Services - Other Support Services - Extra. Serv.	108,300	(22,000)	86,300	79,005	7,295
Undistributed Expenditures - Other Support Services - Students - Regular: (GUIDANCE)	117,200	-	117,200	104,452	12,748
Salaries and Other Professional Staff	7,800	-	7,800	6,356	1,444
Purchased Professional Services - Educational Services	1,975	2,300	4,275	1,975	2,300
Other Purchased Professional & Technical Services	2,300	(2,300)	-	-	-
Other Purchased Services	100	-	100	-	100
Other Objects	4,398	-	4,398	3,965	433
Supplies and Materials					
Total Undistributed Expenditures - Other Support Services - Students - Regular	133,773	-	133,773	116,748	17,025
Undistributed Expenditures - Other Support Services - Students - Special (CHILD STUDY TEAM)	192,000	6,900	198,900	196,425	2,475
Salaries of Other Professional Staff	41,700	37	41,737	41,737	-
Salaries of Secretarial and Clerical Assistants	17,931	(4,437)	13,494	12,391	1,103
Purchased Professional - Educational Services	2,000	-	2,000	1,774	226
Supplies and Materials					
Total Undistributed Expenditures - Other Support Services - Students - Special	253,631	2,500	256,131	252,327	3,804

**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, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	129,200	131	129,331	128,868	463
Salaries of Technology Coordinators	56,100	-	56,100	56,100	-
Purchased Professional and Technical Services	12,400	-	12,400	7,907	4,493
Other Purchased Services (400-500 Series)	500	-	500	422	78
Supplies and Materials	8,388	-	8,388	8,267	121
Total Undistributed Expenditures - Educational Media Services - School Library	206,588	131	206,719	201,564	5,155
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	190,480	-	190,480	189,429	1,051
Legal Services	40,000	(4,000)	36,000	35,749	251
Audit Fees	20,000	(1,000)	19,000	19,000	-
Other Purchased Services	-	4,000	4,000	4,000	-
Communications/Telephone	33,417	(5,500)	27,917	17,467	10,450
BOE Other Purchased Services	900	-	900	243	657
Other Purchased Services	22,400	6,500	28,900	25,616	3,284
General Supplies	3,000	-	3,000	2,735	265
BOE In-House Training/Meeting Supplies	550	-	550	491	59
Miscellaneous Expenditures	3,000	-	3,000	2,580	420
BOE Membership Dues & Fees	11,000	-	11,000	9,407	1,593
Total Undistributed Expenditures - Support Services - Gen. Admin.	324,747	-	324,747	306,717	18,030
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	189,600	(500)	189,100	187,674	1,426
Salaries of Other Professional Staff	88,900	500	89,400	89,373	27
Salaries of Secretarial and Clerical Assistants	206,700	2,500	209,200	208,664	536
Purchased Professional and Technical Services	9,200	800	10,000	10,000	-
Other Purchased Services	1,145	2,016	3,161	2,063	1,098
Supplies and Materials	15,700	(2,500)	13,200	9,218	3,982
Other Objects	11,100	-	11,100	7,498	3,602
Total Undistributed Expenditures - Support Serv. - School Admin.	522,345	2,816	525,161	514,490	10,671

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Central Services					
Salaries	174,500	-	174,500	170,806	3,694
Purchased Professional Services	19,000	-	19,000	16,509	2,491
Miscellaneous Purchased Services	10,000	(825)	9,175	3,196	5,979
Supplies and Materials	7,000	-	7,000	4,258	2,742
Miscellaneous Expenditures	1,500	25	1,525	1,525	-
Total Central Services	212,000	(800)	211,200	196,294	14,906
Administrative Information Technology					
Salaries	40,600	-	40,600	40,560	40
Purchased Professional Services	4,000	-	4,000	3,425	575
Other Purchased Services	18,099	-	18,099	10,071	8,028
Supplies & Materials	7,175	-	7,175	3,622	3,553
Total Administrative Information Technology	69,874	-	69,874	57,678	12,196
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	98,800	(5,000)	93,800	93,716	84
Cleaning Repairs and Maintenance Services	78,000	(7,200)	70,800	46,692	24,108
General Supplies	15,000	-	15,000	9,732	5,268
Total Undistributed Expenditures - Required Maintenance for School Facilities	191,800	(12,200)	179,600	150,140	29,460
Undistributed Expenditures - Operation and Maintenance - Custodial Services					
Salaries	14,200	8,000	22,200	17,533	4,667
Cleaning, Repair and Maintenance Services	427,515	(8,480)	419,035	418,681	354
Rental of Land & Building, Other Than Lease Purchase Agreement	1,500	2,400	3,900	3,794	106
Insurance	64,000	-	64,000	61,870	2,130
General Supplies	42,660	(12,571)	30,089	26,649	3,440
Energy (Electricity)	230,000	40,176	270,176	270,176	-
Other Objects	300	-	300	300	-
Energy (Natural Gas)	95,300	(24,805)	70,495	70,394	101
Total Undistributed Exp - Operation and Maintenance - Custodial Services	875,475	4,720	880,195	869,397	10,798

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Care and Upkeep of Grounds	27,000	1,100	28,100	28,077	23
Cleaning, Repair and Maintenance Services	500	200	700	661	39
General Supplies					
Total Undistributed Expenditures - Care and Upkeep of Grounds	27,500	1,300	28,800	28,738	62
Undistributed Expenditures - Security	14,600	-	14,600	14,229	371
Salaries	8,600	80	8,680	8,665	15
Cleaning, Repair and Maintenance Services	3,500	-	3,500	2,229	1,271
General Supplies					
Total Undistributed Expenditures - Security	26,700	80	26,780	25,123	1,657
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,121,475	(6,100)	1,115,375	1,073,398	41,977
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transp. (Between Home and School)-Regular	13,889	(928)	12,961	2,985	9,976
Lease Purchase Payments - School Buses	18,080	(9,604)	8,476	-	8,476
Contracted Services - (Between Home and School) - Vendors	701,569	58,234	759,803	752,134	7,669
Contracted Services - (Other Than Between Home and School) - Vendors	20,000	(900)	19,100	5,388	13,712
Contracted Services - (Special Education) - Joint Agrmnts	55,000	4,800	59,800	35,711	24,089
Contracted Services - Aid in Lieu of Payments-Non Public School	18,000	8,752	26,752	25,828	924
Contracted Services - Aid in Lieu of Payments-Charter School		3,536	3,536	3,094	442
Transportation Supplies		23,581	23,581	23,581	-
Total Undistributed Expenditures - Student Transportation Serv.	826,538	87,471	914,009	848,721	65,288

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits:					
Social Security Contributions	170,000	(41,988)	128,012	128,012	-
Other Retirement Contributions - Regular	130,000	13,766	143,766	143,766	-
Unemployment Compensation	35,000	37,000	72,000	70,000	2,000
Workmen's Compensation	81,500	(1,000)	80,500	80,042	458
Health Benefits	2,166,231	(100,300)	2,065,931	2,038,658	27,273
Tuition Reimbursements	17,000	(14,000)	3,000	3,000	-
Other Employee Benefits	240,100	(2,331)	237,769	234,382	3,387
Total Unallocated Benefits	2,839,831	(108,853)	2,730,978	2,697,860	33,118
On-Behalf TPAF Pension Contributions (Non-Budgeted)				461,751	(461,751)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				513,172	(513,172)
Total On-Behalf Contributions				974,923	(974,923)
Total Undistributed Expenditures	13,825,139	34,665	13,859,804	14,550,762	(690,958)
Total Current Expense	19,743,638	47,518	19,791,156	20,365,537	(574,381)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Security		6,100	6,100	6,100	-
Assets Acquired Under Capital Leases (non-budgeted)				124,887	(124,887)
Total Equipment		6,100	6,100	130,987	(124,887)
Facility Construction and Acquisition					
Construction Services	6,775	-	6,775	6,775	-
Other Objects	36,078	-	36,078	36,078	-
Total Facility Construction and Acquisition	42,853	-	42,853	42,853	-
Total Capital Outlay	42,853	6,100	48,953	173,840	(124,887)

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Transfers to Charter Schools	217,110	10,300	227,410	227,410	-
Total Expenditures	20,003,601	63,918	20,067,519	20,766,787	(699,268)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(615,724)	-	(615,724)	(131,273)	484,451
Other Financing Sources (Uses):					
Capital Leases (non-budgeted)			-	124,887	124,887
Total Other Financing Sources (Uses)	-	-	-	124,887	124,887
Fund Balances, July 1	883,353		808,353	1,158,057	349,704
Fund Balances, June 30	\$ 267,629	-	192,629	1,151,671	959,042

Recapitulation:

Restricted Fund Balance:	
Reserve for Excess Surplus	261,845
Excess Surplus - Designated for Subsequent Year's Expenditures	130,101
Committed Fund Balance:	
Maintenance Reserve	9,700
Designated for Subsequent Years Expenditures	249,899
Assigned Fund Balance:	
Reserve for Encumbrances	39,712
Unassigned Fund Balance	460,414
	<u>1,151,671</u>
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	(83,075)
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 1,068,596</u>

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, 2011

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Mid Atlantic Dairy Grant	-	-	-	-	-
Total - Local Sources	-	-	-	-	-
State Sources:					
Preschool Education Aid	198,604	-	198,604	198,419	(185)
Nonpublic School Aid	45,032		45,032	17,956	(27,076)
Other Restricted State Aid	11,744	(11,744)			
Total - State Sources	210,348	33,288	243,636	216,375	(27,261)
Federal Sources:					
Title I	508,126	193,705	701,831	504,699	(197,132)
Title I - ARRA	37,200	71,674	108,874	103,000	(5,874)
Title II	43,950	46,419	90,369	77,811	(12,558)
Title III	30,294	22,756	53,050	49,735	(3,315)
Title IV		2,196	2,196		(12)
Cafeteria Equipment Grant - ARRA		-			
I.D.E.A., Part B	259,178	66,378	325,556	305,473	(20,083)
I.D.E.A., Part B - ARRA	139,544	(44,161)	95,383	86,295	(9,088)
I.D.E.A., Part B, Preschool Incentive	6,921	1,711	8,632	7,927	(705)
I.D.E.A., Part B, Preschool Incentive - ARRA		-			
21 Century Community Learning Center Program		-			
Other		-			
Total - Federal Sources	1,025,213	360,678	1,385,891	1,137,124	(248,767)
Total Revenues	1,235,561	393,966	1,629,527	1,353,499	(276,028)
EXPENDITURES:					
Instruction					
Salaries of Teachers	558,910	130,868	689,778	569,894	119,884
Other Salaries for Instruction	70,280	(9,659)	60,621	60,621	-
Purchased Professional and Technical Services	6,921	13,681	20,602	6,589	14,013
Other Purchased Services (400-500 series)	336,295	32,552	368,847	368,847	-
General Supplies	44,452	99,016	143,468	94,711	48,757
Other Objects	1,000	(1,000)			
Total Instruction	1,017,858	265,458	1,283,316	1,100,662	182,654

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, 2011

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES (CONTD):					
Support Services					
Salaries of Program Directors		2,331	2,331	2,331	-
Salaries of Other Professional Staff	5,300	44,793	50,093	40,319	9,774
Personal Services- Employee Benefits	129,017	88,209	217,226	172,451	44,775
Purchased Professional - Educational Services	13,448	25,134	38,582	14,470	24,112
Other Purchased Services (400-500 Series)	69,938	(32,202)	37,736	23,266	14,470
Supplies and Materials		243	243	-	243
Total support services	217,703	128,508	346,211	252,837	93,374
Facilities acquisition and construction services:					
Instructional Equipment		-	-	-	-
Non-instructional Equipment		-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-
Transfer of Funds to Charter School					
Total expenditures	1,235,561	393,966	1,629,527	1,353,499	276,028
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, 2011

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	\$ 20,635,514	1,353,499
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			7,194
Current year			(42,358)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		183,996	19,905
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(83,075)	(19,860)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	20,736,435	1,318,380
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	20,766,787	1,353,499
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			7,194
Current year			(42,358)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 20,766,787	1,318,335

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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.

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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, 2011

	Title I Carryover	Title I ARRA	Title II A Carryover	Title II D Carryover	Title II D Carryover	Title III Carryover	Title III Carryover	Title IV Carryover	IDEA Basic
REVENUES:									
State Sources	183,142	103,000	50,949	71	1,199	42,836	6,899	2,184	292,665
Federal Sources	183,142	103,000	50,949	71	1,199	42,836	6,899	2,184	292,665
Total revenues	321,557	321,557	103,000	142,557	2,398	85,672	13,798	4,368	585,330
EXPENDITURES									
Instruction:									
Salaries of Teachers	79,768	70,807	30,000			33,500	3,122		
Other Salaries for Instruction									
Purchased Prof. and Technical Services									
Other Purchased Services (400-500 Series)	42,160					2,149	3,538		286,516
General Supplies									6,149
Total instruction	121,928	70,807	30,000			35,649	6,660		292,665
Support services:									
Salaries of Program Directors						2,331			
Salaries of Other Professional Staff	20,922	17,322				4,856	239		
Personal Services- Employee Benefits	33,636	12,053	10,500						
Purchased Professional - Educational Services	470	2,400	927					2,184	
Other Purchased Services (400-500 Series)	6,186	418	9,522	71	1,199				
Supplies and Materials									
Total support services	61,214	32,193	20,949	71	1,199	7,187	239	2,184	
Facilities Acquisition and Construction Services:									
Instructional Equipment									
Non-instructional Equipment									
Total Facilities Acquisition and Construction Services:									
Total expenditures	183,142	103,000	50,949	71	1,199	42,836	6,899	2,184	292,665
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, 2011

	IDEA Basic Carryover	IDEA Basic - ARRA	IDEA Preschool	Total Federal	Nonpublic Textbook Aid, Ch. 194, L. 1979	NJ Nonpublic Chapter 193 Eval & Classified	NJ Nonpublic Chapter 193 Speech	NJ Nonpublic Nursing Aid	N.J. Nonpublic Auxiliary Services Ch. 192 Compensatory Education	English as a Second Language
REVENUES:										
State Sources	12,808	86,295	7,927	1,137,124	104	2,075	1,565	6,841	5,024	2,347
Federal Sources	<u>12,808</u>	<u>86,295</u>	<u>7,927</u>	<u>1,137,124</u>	<u>104</u>	<u>2,075</u>	<u>1,565</u>	<u>6,841</u>	<u>5,024</u>	<u>2,347</u>
Total revenues										
EXPENDITURES										
Instruction:										
Salaries of Teachers				430,551						2,180
Other Salaries for Instruction				-						
Purchased Prof. and Technical Services		74,418	7,913	368,847			1,565		5,024	
Other Purchased Services (400-500 Series)	12,808	11,045	14	92,770	104					
General Supplies										
Total instruction	<u>12,808</u>	<u>85,463</u>	<u>7,927</u>	<u>892,168</u>	<u>104</u>	<u>-</u>	<u>1,565</u>	<u>6,355</u>	<u>5,024</u>	<u>2,180</u>
Support services:										
Salaries of Program Directors				2,331						
Salaries of Other Professional Staff				38,244						
Personal Services- Employee Benefits				168,501		2,075				167
Purchased Professional - Educational Services		832		14,470						
Other Purchased Services (400-500 Series)				21,410						
Supplies and Materials				-						
Total support services	<u>-</u>	<u>832</u>	<u>-</u>	<u>244,956</u>	<u>-</u>	<u>2,075</u>	<u>-</u>	<u>486</u>	<u>-</u>	<u>167</u>
Facilities Acquisition and Construction Services:										
Instructional Equipment				-						
Non-instructional Equipment				-						
Total Facilities Acquisition and Construction Services:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>12,808</u>	<u>86,295</u>	<u>7,927</u>	<u>1,137,124</u>	<u>104</u>	<u>2,075</u>	<u>1,565</u>	<u>6,841</u>	<u>5,024</u>	<u>2,347</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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, 2011

	Preschool Education Aid	Total State	Total
REVENUES:			
State Sources	198,419	216,375	216,375
Federal Sources			1,137,124
Total revenues	<u>198,419</u>	<u>216,375</u>	<u>1,353,499</u>
EXPENDITURES			
Instruction:			
Salaries of Teachers	130,808	139,343	569,894
Other Salaries for Instruction	60,621	60,621	60,621
Purchased Prof. and Technical Services	6,589	6,589	6,589
Other Purchased Services (400-500 Series)	1,837	1,941	368,847
General Supplies			94,711
Total instruction	<u>193,266</u>	<u>208,494</u>	<u>1,100,662</u>
Support services:			
Salaries of Program Directors		-	2,331
Salaries of Other Professional Staff	3,297	2,075	40,319
Personal Services- Employee Benefits		3,950	172,451
Purchased Professional - Educational Services	1,856	-	14,470
Other Purchased Services (400-500 Series)		-	23,266
Supplies and Materials		-	-
Total support services	<u>5,153</u>	<u>7,881</u>	<u>252,837</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment		-	-
Non-instructional Equipment		-	-
Total Facilities Acquisition and Construction Services:	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>198,419</u>	<u>216,375</u>	<u>1,353,499</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Special Revenue Fund
Statement of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

E-2

	2011		Variance
	Budgeted	Actual	
EXPENDITURES:			
Instructional:			
Salaries of Teachers	\$ 130,808	130,808	-
Other Salaries for Instruction	60,621	60,621	-
General Supplies	2,022	1,837	185
Total Instruction	193,451	193,266	185
Support Services:			
Personal Services - Employee Benefits	3,297	3,297	-
Other Purchased Services (400-500 Series)	1,856	1,856	-
Total Support Services	5,153	5,153	-
Total Expenditures	\$ 198,604	198,419	185

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2010-11 Preschool Education Aid Allocation	\$ 198,604
Add: Actual PEA Carryover (June 30, 2010)	\$ 4,124
Add: Budgeted transfer from the General Fund	-
Total Preschool Education Aid Funds Available for 2010-11 Budget	202,728
Less: 2010-11 Budgeted Preschool Education Aid (including prior year budgeted carryover)	(198,604)
Available & Budgeted Preschool Education Aid Funds as of June 30, 2011	4,124
Add: June 30, 2011 Unexpended Preschool Education Aid	185
2010-11 Actual Carryover - Preschool Education Aid	\$ 4,309
2010-11 Preschool Education Aid Carryover Budget in 2011-12	4,124

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.

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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, 2011

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2011
			Prior Years	Current Year	
Renovations and Improvements to the Ventnor City Educational Community Complex	6/24/2009	\$ 4,705,000	388,455	3,833,861	482,684
		\$ 4,705,000	388,455	3,833,861	482,684

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

Revenues and Other Financing Sources:

State Sources - School Construction Corporation	\$ -
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	-
Construction services	3,833,861
Equipment purchases	-
	<hr/>
Total expenditures	<hr/> 3,833,861
Excess of revenues over expenditures	(3,833,861)
Fund balance - beginning	4,316,545
	<hr/>
Fund balance - ending	<hr/> <u>\$ 482,684</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Capital Projects Fund
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, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources- SDA	1,882,000		1,882,000	1,882,000
Bond proceeds and transfers	\$ 2,823,000		2,823,000	2,823,000
Transfer from capital outlay				
Total revenues	4,705,000	-	4,705,000	4,705,000
Expenditures and Other Financing Uses:				
Purchased professional & technical services			-	-
Transfer to Capital Reserve			-	-
Construction services	388,455	3,833,861	4,222,316	4,705,000
Equipment purchases			-	-
Total expenditures	388,455	3,833,861	4,222,316	4,705,000
Excess of revenues over expenditures	\$ 4,316,545	(3,833,861)	482,684	-
Additional project information:				
Project numbers	5350-045-09-1001/1002/1003/1004			
Grant Date	11/17/09			
Bond Authorization Date	10/15/2009			
Bonds Authorized	\$ 2,823,000			
Bonds Issued	\$ 2,823,000			
Original Authorized Cost	\$ 4,705,000			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 4,705,000			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	90%			
Adjusted Target completion date	12/1/2011			

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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.

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2011

	Agency Funds		2011
	Student Activity	Payroll Agency	
ASSETS:			
Cash and cash equivalents	\$ 16,083	81,105	97,188
Due from Payroll Agency			-
Total Assets	16,083	81,105	97,188
LIABILITIES:			
Liabilities:			
Interfund Accounts Payable:			
Due to Unemployment		3,677	3,677
Due to General Fund		7,447	7,447
Payroll Deductions and Withholdings		69,981	69,981
Due to Student Groups	16,083		16,083
Total Liabilities	\$ 16,083	81,105	97,188

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, 2011

	Unemployment Compensation Trust
	<u>2011</u>
ADDITIONS:	
Contributions:	
Employee Contributions	\$ 12,615
Board Contributions	70,000
Investment Earnings:	
Interest	620
Total Additions	83,235
DEDUCTIONS:	
Unemployment Claims	155,940
Total Deductions	155,940
Change in Net Assets	(72,705)
Net Assets - July 1	71,012
Net Assets - June 30	\$ (1,693)

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**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2011**

H-3

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
ASSETS:				
Cash and Cash Equivalents	\$ 12,798	41,713	38,428	16,083
Total Assets	<u>12,798</u>	<u>41,713</u>	<u>38,428</u>	<u>16,083</u>
LIABILITIES:				
Due to Student Groups	12,798	41,713	38,428	16,083
Total Liabilities	<u>\$ 12,798</u>	<u>41,713</u>	<u>38,428</u>	<u>16,083</u>

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, 2011

H-4

	Balance July 1, 2010	Additions	Deletions	Balance July 1, 2011
ASSETS:				
Cash and cash equivalents	\$ 80,276	3,531,342	3,530,513	81,105
Total assets	80,276	3,531,342	3,530,513	81,105
 LIABILITIES:				
Payroll Deductions and Withholdings	68,431	3,527,665	3,526,115	69,981
Interfund Accounts Payable:				
Due Unemployment	4,398	3,677	4,398	3,677
Due General Fund	7,447	-	-	7,447
Total Liabilities	\$ 80,276	3,531,342	3,530,513	81,105

LONG-TERM DEBT

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

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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, 2011

Series	Date of Lease	Term of Lease	Amount of Original Issue Principal	Interest	Interest Rate Payable	Amount Outstanding June 30, 2010	Current Year Issued	Current Year Retired	Amount Outstanding June 30, 2011
Technology Equipment	7/14/06	4 Years	90,000	10,433	5.09%	21,513		21,513	-
Furniture and Technology Equipment	8/1/08	4 Years	121,493	11,888	4.18%	85,308		27,280	58,028
Technology Equipment	12/1/10	4 Years	124,887	13,209	4.50%	-	124,887	10,000	114,887
						\$ 106,821	124,887	58,793	172,915

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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.

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

	Fiscal Year Ending June 30, 2011							
	2004	2005	2006	2007	2008	2009	2010	2011
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	18,198,966	18,228,757	20,853,166
Restricted	979,685	1,336,783	731,449	1,023,495	929,063	973,217	755,525	429,412
Unrestricted	(325,593)	(119,790)	(12,795)	(176,272)	176,030	254,667	(346,336)	242,233
Total governmental activities net assets	<u>21,837,474</u>	<u>21,808,031</u>	<u>20,567,296</u>	<u>20,092,186</u>	<u>19,831,466</u>	<u>19,426,850</u>	<u>18,637,946</u>	<u>21,524,811</u>
Business-type activities								
Invested in capital assets, net of related debt	107,963	96,418	88,259	75,896	64,382	52,869	41,357	29,896
Restricted								
Unrestricted	179,812	236,885	263,571	278,237	284,498	260,572	280,681	216,674
Total business-type activities net assets	<u>287,775</u>	<u>333,303</u>	<u>351,830</u>	<u>354,133</u>	<u>348,880</u>	<u>313,441</u>	<u>322,038</u>	<u>246,570</u>
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	18,251,835	18,270,114	20,883,062
Restricted	979,685	1,336,783	731,449	1,023,495	929,063	973,217	755,525	429,412
Unrestricted	(145,781)	117,095	250,776	101,965	460,528	515,239	(65,655)	458,907
Total district net assets	<u>\$ 22,125,249</u>	<u>22,141,334</u>	<u>20,919,126</u>	<u>20,446,319</u>	<u>20,180,346</u>	<u>19,740,291</u>	<u>18,959,984</u>	<u>21,771,381</u>

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

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30, 2011							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities								
Instruction								
Regular	\$ 5,216,830	6,163,342	6,293,780	6,843,535	6,802,276	7,033,460	7,316,645	7,089,836
Special education	625,455	898,212	889,017	1,001,666	1,087,182	1,070,650	1,109,908	1,066,985
Other special education	460,043	585,220	640,527	575,558	676,435	765,422	632,289	640,079
Other instruction	37,770	70,294	67,195	54,761	65,585	84,073	59,641	18,750
Non-public programs			118,992	95,624	108,535	103,941	69,279	23,545
Support Services:								
Tuition	4,319,249	5,989,503	8,065,449	8,013,683	7,534,365	7,208,469	8,407,993	8,583,762
Student & instruction related services	855,626	1,061,813	1,029,996	1,087,329	1,199,721	1,307,016	1,321,322	1,264,699
General administrative services	334,867	425,860	349,925	352,068	385,097	392,703	363,384	381,716
School administrative services	357,648	513,430	511,800	554,852	572,322	574,987	653,213	641,191
Business administrative services	152,867	300,043	260,509	295,347	343,352	430,667	324,404	316,074
Plant operations and maintenance	707,547	1,053,556	1,213,049	1,367,848	1,355,316	1,466,451	1,415,671	1,335,868
Pupil transportation	706,139	861,008	892,948	1,320,246	1,014,522	1,047,747	1,150,622	1,056,253
Capital Outlay				108,269	-	-	-	160,965
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>	<u>21,485,586</u>	<u>22,824,371</u>	<u>22,579,723</u>
Business-type activities:								
After School Program		5,498	10,421	7,136	10,304	9,661	10,352	26,289
Food service	341,645	330,878	392,496	422,036	433,005	490,731	576,278	565,632
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>	<u>500,392</u>	<u>586,630</u>	<u>591,921</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>	<u>21,985,978</u>	<u>23,411,001</u>	<u>23,171,644</u>
Program Revenues								
Governmental activities:								
Charges for services					193,637	239,579	257,260	320,471
Operating grants and contributions	787,115	2,764,610	3,286,387	3,793,334	2,436,147	1,737,012	1,563,020	1,312,931
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>	<u>1,976,591</u>	<u>1,820,280</u>	<u>1,633,402</u>

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

	Fiscal Year Ending June 30, 2011							
	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:								
Charges for services								
Fees for after school program		6,386	14,047	17,059	20,973	14,462	17,710	22,716
Food service	153,056	155,169	167,885	159,739	146,626	145,212	195,768	179,346
Operating grants and contributions	192,362	220,070	238,993	254,019	269,867	304,621	381,749	314,391
Total business type activities program revenues	345,418	381,625	420,925	430,817	437,466	464,295	595,227	516,453
Total district program revenues	<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>	<u>2,440,886</u>	<u>2,415,507</u>	<u>2,149,855</u>
Net (Expense)/Revenue								
Governmental activities	(15,635,057)	(15,157,671)	(17,046,800)	(17,877,452)	(18,514,924)	(19,508,995)	(21,004,091)	(20,946,321)
Business-type activities	3,773	45,249	18,008	1,645	(5,843)	(36,097)	8,597	(75,468)
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>	<u>(19,545,092)</u>	<u>(20,995,494)</u>	<u>(21,021,789)</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	15,755,683	16,686,417	17,142,480
Unrestricted grants and contributions	1,320,480	1,539,212	1,540,169	1,506,811	2,967,330	3,362,925	3,083,699	2,681,178
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	77,664	56,616	592,306
Unfunded pension obligation refinanced by City		508,423						
Bond Proceeds							388,455	3,833,861
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)				(416,639)
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>	<u>19,196,272</u>	<u>20,215,187</u>	<u>23,833,186</u>
Business-type activities:								
Miscellaneous income		279	519	658	590	658		
Total business-type activities	<u>-</u>	<u>279</u>	<u>519</u>	<u>658</u>	<u>590</u>	<u>658</u>	<u>-</u>	<u>-</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>	<u>19,196,930</u>	<u>20,215,187</u>	<u>23,833,186</u>
Change in Net Assets								
Governmental activities	(207,483)	(29,443)	(1,240,735)	(475,110)	(260,720)	(312,723)	(788,904)	2,886,865
Business-type activities	3,773	45,528	18,527	2,303	(5,253)	(35,439)	8,597	(75,468)
Total district	<u>\$ (203,710)</u>	<u>16,085</u>	<u>(1,222,208)</u>	<u>(472,807)</u>	<u>(265,973)</u>	<u>(348,162)</u>	<u>(780,307)</u>	<u>2,811,397</u>

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

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30, 2011							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Restricted								391,946
Committed								259,599
Assigned								39,712
Unassigned								377,339
Reserved	815,131	1,150,219	567,573	899,265	1,164,585	1,402,608	755,525	
Unreserved	597,867	247,815	299,079	302,262	313,425	197,049	218,536	
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>	<u>1,599,657</u>	<u>974,061</u>	<u>1,068,596</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)	(19,905)	(19,905)	(19,860)
Capital projects fund	71,622	53,203	59,875	-	-	-	-	
Total all other governmental funds	<u>\$ 155,323</u>	<u>141,605</u>	<u>134,488</u>	<u>94,842</u>	<u>(57,384)</u>	<u>(19,905)</u>	<u>(19,905)</u>	<u>(19,860)</u>

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

Source: CAFR Schedule B-1

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

	2004	2005	2006	2007	2008	2009	2010
Revenues							
Tax levy	\$11,973,299	12,816,519	13,974,618	15,597,115	15,193,897	15,755,683	16,686,417
Other Tuition						2,636	
Transportation	192,544	194,736	195,810	202,611	193,637	236,943	257,260
Miscellaneous	38,246	69,338	138,719	104,111	87,308	77,664	61,223
State sources	3,198,611	3,359,456	3,450,602	3,842,131	4,075,140	3,758,745	3,316,074
Federal sources	811,989	944,366	1,375,955	1,458,014	1,328,337	1,341,192	1,326,038
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>	<u>21,172,863</u>	<u>21,647,012</u>
Expenditures							
Instruction							
Regular Instruction	5,104,101	5,025,388	5,142,550	5,517,755	5,470,212	5,703,983	5,945,871
Special education instruction	611,940	732,373	736,356	807,615	875,900	862,357	893,615
Other special instruction	450,102	477,169	530,536	464,057	544,977	616,511	509,073
Other instruction	36,954	57,316	55,657	44,153	52,840	67,716	48,019
Nonpublic school programs			98,559	77,099	87,442	83,719	55,778
Support Services:							
Instruction	4,226,018	4,883,645	6,680,454	6,461,214	6,070,143	5,806,072	6,769,492
Student & instruction related services	837,137	865,768	853,126	876,683	966,569	1,052,738	1,063,830
General administrative services	327,631	347,232	289,836	283,862	310,257	316,303	292,569
School Administrative services	349,919	418,634	423,914	447,362	461,097	463,124	525,919
Business administrative services	149,564	244,645	209,135	236,392	276,624	346,882	261,186
Plant operations and maintenance	863,725	870,181	1,016,455	1,114,646	1,104,109	1,161,554	1,139,793
Pupil transportation	690,880	777,842	833,197	1,177,437	886,683	901,782	1,112,945
Unallocated employee benefits	2,601,577	2,671,270	2,809,704	3,318,038	3,532,157	3,442,848	3,542,686
Charter Schools	36,904						
Capital outlay	315,819	140,635	269,277	227,033	115,052	299,641	656,612
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>	<u>21,125,230</u>	<u>22,817,388</u>
Excess (Deficiency) of revenues over (under) expenditures	(387,582)	(127,683)	(813,052)	150,636	124,257	47,633	(1,170,376)
Other Financing sources (uses)							
Capital leases (non-budgeted)	96,875	99,000	233,696	144,593		111,493	156,325
Cancellation of Prior Year Payables			40,857				
Transfer from Capital Projects Fund					119,845		
Transfer to General Fund					(119,845)		
(Increase)/Decrease in Emergency Reserve						(126,255)	126,255
Transfer to/(from) Emergency Reserve						126,255	(126,255)
Increase in Capital Reserve					(119,951)	(120,409)	
Transfer to Capital Reserve					119,951	120,409	
(Increase)/Decrease in Maintenance Reserve					(100,000)	(84,700)	75,000
Transfer to/(from) Maintenance Reserve					100,000	84,700	(75,000)
Bond Proceeds							388,455
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>	<u>111,493</u>	<u>544,780</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>	<u>159,126</u>	<u>(625,596)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only eight 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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Transportation Jointure	Misc.	Total
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
2009	34,336	2,636	236,943	43,328	317,243
2010	34,761		257,260	26,462	318,483
2011	24,508	7,944	312,517	567,808	912,777

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)
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	1,589,030	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	17,140,500	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
2009	45,335,200	2,514,635,100	-	-	90,802,200	1,604,100	15,028,700	2,667,405,300	-	2,410,019	2,669,815,319	0.671	2,979,863,218
2010	42,014,300	2,495,328,850	-	-	90,037,600	1,604,100	15,028,700	2,644,013,550	-	2,511,795	2,646,525,345	0.700	2,775,590,293
2011	39,933,900	2,468,549,250	-	-	89,032,600	1,604,100	14,663,400	2,613,683,250	-	2,500,422	2,616,183,672	0.716	2,710,980,496

Source: District records, Tax list summary & Municipal Tax Assessor

^M 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		
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	
2009	0.607	0.064	0.671	0.665	0.333	1.669	
2010	0.639	0.061	0.700	0.693	0.334	1.727	
2011	0.661	0.055	0.716	0.742	0.375	1.833	

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	2011			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Bellevue Properties Group	\$ 15,383,100	1	0.58%			
Archdiocese of Philadelphia	6,250,000	2	0.13%			
Taxpayer #1	5,750,000	3	0.23%	3,606,500	3	0.42%
RIH Holdings LLC	4,914,500	4	0.18%			
Taxpayer #2	4,700,000	5	0.22%	2,915,000	5	0.34%
111 South Cornell Assoc. LLC	4,300,000	6	0.16%			
Tropicana AC Sub Corp.	3,613,400	7	0.13%			
Taxpayer #3	3,500,000	8	0.14%	1,630,000	10	0.19%
La-Mar-Gate	3,469,400	9	0.13%	1,800,000	9	0.21%
Taxpayer #4	3,377,500	10	0.18%			
Shalom Towers				4,300,000	2	0.50%
Bell Atlantic				3,591,699	4	0.41%
Sisters of Charity				2,625,000	6	0.30%
AC Hilton				2,000,000	7	0.23%
Ramada, NJ				1,978,900	8	0.23%
Ventnor Plaza				10,300,000	1	1.19%
Total	\$ 55,257,900		2.07%	\$ 34,747,099		4.01%

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	
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%	-
2009	15,755,683	15,755,683	100.00%	-
2010	16,686,417	16,686,417	100.00%	-
2011	17,142,480	17,142,480	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		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
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%	1,195
2008	13,211,000		234,931			13,445,931	3.077%	1,103
2009	12,076,000		230,485			12,306,485	2.780%	1,010
2010	11,025,000		106,821			11,131,821	2.296%	915
2011	13,173,000		172,915			13,345,915	2.753%	1,097

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
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%	1,164
2008	13,211,000		13,211,000	0.49%	1,084
2009	12,076,000		12,076,000	0.45%	1,141
2010	11,025,000		11,025,000	0.42%	906
2011	13,173,000		13,173,000	0.50%	1,082

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, 2011
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	\$ 14,482,119	100.00%	\$ 14,482,119
Other debt Atlantic County (5.503%) as of December 31, 2010	137,077,871	5.503%	<u>7,543,395</u>
Subtotal, overlapping debt			22,025,514
CITY OF VENTNOR School District Direct Debt			<u>13,173,000</u>
Total direct and overlapping debt			<u><u>\$ 35,198,514</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
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
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%
2008	12,187	442,693	36,325	7.10%
2009	12,171	484,832	39,835	12.60%
2010	12,171	484,832	39,835	12.60%
2011	12,171	484,832	39,835	12.80%

Source:

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

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

c Per Capita Income US Department of Commerce, Bureau of Economic Analysis, April 2010

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

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction						
Regular	70.0	65.0	72.5	66.0	61.0	59.5
Special education	11.0	10.0	10.0	15.5	10.5	9.5
Other special education	11.5	9.5	10.0	11.5	12.0	10.0
Other instruction	2.0	2.0	2.0	2.0	2.0	2.5
Support Services:						
Student & instruction related services	22.5	15.5	11.5	15.5	23.5	24.5
General administrative services	4.0	3.0	4.0	2.5	2.0	2.0
School administrative services	6.0	7.0	4.5	7.0	7.0	8.0
Business administrative services	3.0	4.5	5.0	5.5	5.5	3.5
Plant operations and maintenance	2.5	2.5	2.5	2.5	3.5	3.0
Pupil transportation	11.0	11.0	11.0	9.0	11.0	-
Food Service	6.0	5.5	5.5	6.5	8.0	7.5
Child Care	1.0	-	-	0.5	0.5	0.5
Total	<u>150.5</u>	<u>135.5</u>	<u>138.5</u>	<u>144.0</u>	<u>146.5</u>	<u>130.5</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 past five years of 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	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/ Middle School	School				
2002	1,132	13,684,622	12,089	6.43%	99	11:1	11:1	1,103	1,048	3.08%	95.01%
2003	1,129	14,106,595	12,495	3.36%	103	11:1	11:1	1,151	1,086	4.35%	94.35%
2004	1,129	16,296,003	14,434	15.52%	103	11:1	11:1	1,125	1,067	-2.26%	94.84%
2005	1,049	17,386,163	16,574	14.83%	107	10:1	10:1	1,068	1,012	-5.07%	94.76%
2006	1,005	19,948,756	19,850	19.76%	107	9:1	9:1	979	927	-8.33%	94.69%
2007	948	20,826,313	21,969	10.68%	102	9:1	9:1	947	898	-3.27%	94.83%
2008	948	20,639,010	21,771	-0.90%	102	9:1	9:1	936	887	-1.16%	94.76%
2009	943	20,825,589	22,084	1.44%	95	10:1	10:1	985	923	5.24%	93.71%
2010	990	22,160,776	22,385	1.36%	86	11:1	11:1	969	909	-1.62%	93.81%
2011	987	20,825,590	21,100	-5.74%	82	12:1	12:1	949	896	-2.06%	94.42%

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
Ventnor Educational Community Complex (1969)										
Square Feet	107,357	107,357	152,357	152,357	152,357	152,357	152,357	152,357	152,357	152,357
Capacity (students)	743	743	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063
Enrollment	1,132	1,129	1,129	1,049	1,005	948	948	943	990	987

Number of Schools at June 30, 2011
 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 Nine Years
Unaudited

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

School Facilities	Project # (s)	2011	2010	2009	2008	2007	2006	2005	2004	2003
City of Ventnor School	N/A	\$ 150,140	\$ 186,361	240,991	259,805	237,369	210,710	212,511	183,664	144,288
Total School Facilities		<u>150,140</u>	<u>186,361</u>	<u>240,991</u>	<u>259,805</u>	<u>237,369</u>	<u>210,710</u>	<u>212,511</u>	<u>183,664</u>	<u>144,288</u>
Other Facilities										
Grand Total		<u>\$ 150,140</u>	<u>\$ 186,361</u>	<u>240,991</u>	<u>\$ 259,805</u>	<u>237,369</u>	<u>210,710</u>	<u>212,511</u>	<u>183,664</u>	<u>144,288</u>

CITY OF VENTNOR SCHOOL DISTRICT

Insurance Schedule

June 30, 2011

Unaudited

	Coverage	Deductible
School Package Policy		
Property - Blanket Building & Contents	\$ 250,000,000	\$ 5,000
Extra Expense - Blanket	5,000,000	5,000
Miscellaneous School Property	250,000	
Flood	5,000,000	50,000
Valuable papers	5,000,000	500
Electronic Data Processing Equipment	250,000	
Contractor's Equipment	250,000	
General Liability	5,000,000 per occ, 5,000,000 aggreg	
Personal /Adver. Liability	5,000,000	
Fire Damage Liability	5,000,000	
Medical Expenses	10,000	
Employee Benefits Liability	5,000,000 per occ, 5,000,000 aggreg	
Employee Dishonesty	250,000	
Forgery/Alterations	50,000	1,000
Automobile Policy:		
Comprehensive Automobile Liability	5,000,000	1,000
Uninsured Motorist	15,000	
Medical Payments	10,000	
School Board Legal Liability	5,000,000 per occ, 10,000,000 aggreg	10,000
Umbrella Liability	5,000,000	
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	209,000	

Source: District Records

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Single Audit Section

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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

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, and each major fund of the Board of Education of the City of Ventnor School District in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2011, and have issued our report thereon dated September 14, 2011. 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

Management of the City of Ventnor School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Ventnor School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ventnor School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ventnor School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ventnor School District'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 were required to be 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 September 14, 2011.

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
Licensed Public School Accountant
No. CS00499

Swartz and Co., LLC
Certified Public Accountants

September 14, 2011



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**Report on Compliance With Requirements That Could Have a Direct
and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A133
And New Jersey Circular OMB 04-04**

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

Compliance

We have audited the City of Ventnor Board of Education's compliance 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 Grants Compliance Supplement* that could have a direct and material effect on each of the City of Ventnor Board of Education's major federal and state programs for the year ended June 30, 2011. The City of Ventnor Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the City of Ventnor Board of Education's management. Our responsibility is to express an opinion on the City of Ventnor Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04, *New Jersey State Grants Compliance Supplement*. Those standards, OMB Circular A-133 and New Jersey OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Ventnor Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Ventnor Board of Education's compliance with those requirements.

In our opinion, the City of Ventnor Board of Education complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Ventnor Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Ventnor Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

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

Kenneth Moore, CPA
Licensed Public School Accountant
No. CS00499

Swartz & Co., LLC
Certified Public Accountants

September 14, 2011

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, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Adjustments	Balance at June 30, 2011	
											(Accounts Receivable)	Deferred Revenue
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
Food Distribution Program	10.550	N/A	7/1/10 - 6/30/11	29,233			29,233	(29,233)				
National School Lunch Program	10.555	N/A	7/1/10 - 6/30/11	218,374			218,374	(218,374)				
National School Lunch Program	10.555	N/A	7/1/09 - 6/30/10	210,879	(16,130)		16,130					
School Breakfast Program	10.553	N/A	7/1/10 - 6/30/11	52,821			52,821	(52,821)				
School Breakfast Program	10.553	N/A	7/1/09 - 6/30/10	54,958	(5,820)		5,820					
School Snack Program	10.555	N/A	7/1/10 - 6/30/11	8,305			8,305	(8,305)				
School Snack Program	10.555	N/A	7/1/09 - 6/30/10	5,194	(346)		346					
Special Milk Program	10.556	N/A	7/1/10 - 6/30/11	631			631	(631)				
Special Milk Program	10.556	N/A	7/1/09 - 6/30/10	636	(56)		56					
Fresh Fruits and Vegetable Program	10.582	N/A	7/1/09 - 6/30/10	56,453	(2,729)		2,729	(56,453)				
					(25,081)		334,445	(365,817)				
Total U.S. Department of Agriculture												
U.S. Department of Health and Human Services												
Passed-through State Department of Health and Human Services												
Medical Assistance	93.778	N/A	7/1/10 - 6/30/11	1,116			1,116	(1,116)				
Medical Assistance	93.778	N/A	7/1/09 - 6/30/10	16,787	(4,830)		4,830					
					(4,830)		5,946	(1,116)				
Total General Fund												
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
No Child Left Behind												
Title I, Part A	84.010	NCLB302010	9/1/10 - 8/31/11	493,250			221,716	(321,557)			(99,841)	
Title I, Part A Carryover	84.010	NCLB302009	9/1/09 - 8/31/10	481,970	(56,638)		171,761	(183,142)			(11,381)	
ARRA - Title I, Part A	84.389		9/1/10 - 8/31/11	242,316	(32,432)		131,163	(103,000)			(4,269)	
Title II, Part A, Teachers & Principals Training	84.367A	NCLB302010	9/1/10 - 8/31/11	61,961			46,222	(50,949)			(4,727)	
Title II, Part A, Teachers & Principals Training Carryover	84.367A	NCLB302009	9/1/09 - 8/31/10	60,502	(695)		18,265	(25,592)			(7,327)	
Title II, Part D, Enhancing Education Through Technology	84.318X	NCLB302010	9/1/10 - 8/31/11	1,351				(71)			(71)	
Title II, Part D, Enhancing Education Through Technology Carryover	84.318X	NCLB302009	9/1/09 - 8/31/10	3,831	(1,597)		943	(1,199)			(256)	
Title III, English Language Enhancement	84.365A	NCLB302010	9/1/10 - 8/31/11	46,151			39,702	(42,836)			(3,134)	
Title III, English Language Enhancement Carryover	84.365A	NCLB302009	9/1/09 - 8/31/10	31,797	(6,445)		943	(6,899)			(12,401)	
Title IV, Safe & Drug Free Schools and Community	84.186	NCLB302010	9/1/08 - 8/31/09	7,071	(315)		2,349	(2,184)			(150)	
LDEA, Part B - Basic	84.027	IDEA535010	9/1/10 - 8/31/11	306,005			299,025	(292,665)				6,360
LDEA, Part B - Basic Carryover	84.027	IDEA535009	9/1/09 - 8/31/10	304,915	(3,319)		11,293	(12,808)		1,497	(3,337)	
ARRA - LDEA, Part B	84.391		9/1/09 - 8/31/10	353,635	(59,994)		146,289	(86,295)				
LDEA, Part B - Preschool	84.173	IDEA535006	9/1/10 - 8/31/11	8,632			7,927	(7,927)				
Twenty-First Century Community Learning Centers	84.287	06-EK05-HS	7/1/08 - 6/30/09	535,000	(25,895)		24,398				(1,497)	
					(187,330)		1,121,996	(1,137,124)		1,497	(148,391)	
Total Special Revenue Fund												
Total Federal Financial Awards												
					(217,241)		1,462,387	(1,504,057)		1,497	(148,391)	
												6,360

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

City of Ventura School District
(A Component Unit of the City of Ventura)
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year ended June 30, 2011

K-4
Schedule B

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balances	Balance at June 30, 2011		MEMO
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Carryover Amount				(Accounts Receivable)	Deferred Revenue/ Interfund	
State Department of Education												
General Fund:												
Categorical Transportation Aid	495-034-5120-014	7/1/10-6/30/11	325,321				325,321	(325,321)				325,321
Categorical Special Education Aid	495-034-5120-089	7/1/10-6/30/11	656,432				656,432	(656,432)				656,432
Categorical Security Aid	495-034-5120-084	7/1/10-6/30/11	340,941				340,941	(340,941)				340,941
Adjustment Aid	100-034-5120-085	7/1/10-6/30/11	214,450				214,450	(214,450)				214,450
Extraordinary Aid	100-034-5120-473	7/1/10-6/30/11	52,744					(52,744)				52,744
Extraordinary Aid	100-034-5120-473	7/1/09-6/30/10	32,534	(32,534)								32,534
Nonpublic Transportation Aid	N/A	7/1/09-6/30/11	14,330					(14,330)				14,330
Nonpublic Transportation Aid	N/A	7/1/09-6/30/11	7,579	(7,579)								7,579
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/10-6/30/11	513,172	(513,172)			487,426	(513,172)				513,172
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/09-6/30/10	516,936	(25,724)			25,724	(25,746)				516,936
Total General Fund				(65,837)			2,090,407	(2,117,390)				2,674,439
Special Revenue Funds:												
Preschool Education Aid	495-034-5120-086	7/1/10-6/30/11	198,604				198,604	(198,419)				198,419
Preschool Education Aid	495-034-5120-086	7/1/09-6/30/10	199,051	3,215				(2,347)		185		198,142
Preschool Education Aid	495-034-5120-086	7/1/08-6/30/09	199,051	909						909		198,142
Textbook Aid	100-034-5120-064	7/1/10-6/30/11	7,105				7,105	(104)		7,001		104
Auxiliary Services:												
Compensatory Education	100-034-5120-067	7/1/10-6/30/11	15,908				15,908	(5,024)		10,884		5,024
English as a Second Language	100-034-5120-067	7/1/10-6/30/11	2,370				2,370	(2,347)		23		2,370
Handicapped Services:												
Examination and Classification	100-034-5120-067	7/1/10-6/30/11	2,075				2,075	(2,075)		-		2,075
Corrective Speech	100-034-5120-066	7/1/10-6/30/11	4,694				4,694	(1,565)		3,129		4,694
Examination and Classification	100-034-5120-066	7/1/09-6/30/10	8,405				8,405	-	3,693	8,405		6,277
Corrective Speech	100-034-5120-066	7/1/09-6/30/10	6,277				6,277	-	2,557	6,277		6,277
Nursing Services	100-034-5120-070	7/1/10-6/30/11	8,419				8,419	(6,841)		1,578		8,419
Evening School for Foreign Born Residents	100-034-5062-026	7/1/07-6/30/08	2,000							713		2,000
Evening School for Foreign Born Residents	100-034-5062-026	7/1/06-6/30/07	1,719							6		1,719
Total Special Revenue Fund				4,124			253,857	(216,375)	6,250	4,309		623,666
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	100-010-3350-023	7/1/10-6/30/11	5,027				5,027	(5,027)				5,027
National School Lunch Program (State Share)	100-010-3350-023	7/1/09-6/30/10	8,452	(672)			672					8,452
State Breakfast Program	100-010-3350-021	7/1/09-6/30/10	3,606	(373)			373					3,606
Total Enterprise Fund				(1,045)			6,072	(5,027)				17,085
Total State Financial Assistance				(62,758)	6,969		2,350,336	(2,338,792)	6,250	4,309	38,016	3,315,190

City of Ventnor School District
Notes to the Schedules of Financial Assistance
June 30, 2011

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.

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, 2011

	<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	\$ 2,117,390	216,375	5,027	2,338,792
Difference – budget to "GAAP"				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		3,415		3,415
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	183,996	19,905		203,901
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(83,075)	(19,860)		(102,935)
On behalf payments recognized for GAAP purposes but not included in the Schedule of Expenditures of State Financial Assistance	461,751			461,751
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 2,680,062</u>	<u>219,835</u>	<u>5,027</u>	<u>2,904,924</u>

City of Ventnor School District
Notes to the Schedules of Financial Assistance
June 30, 2011

	<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	\$ 1,116	1,137,053	309,364	1,447,533
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(43,957)		(43,957)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 1,116</u>	<u>1,093,096</u>	<u>309,364</u>	<u>1,403,576</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, 2011. 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, 2011.

**CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section I -- Summary of Auditor's Results

Financial Statement

Type of auditor's report issued		Unqualified		
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	yes	_____ X _____	no
• Significant deficiency(ies) identified?	_____	yes	_____ X _____	none reported
Noncompliance material to financial statements noted?	_____	yes	_____ X _____	no

Federal Awards

Internal Control over major programs:				
• Material weakness(es) identified?	_____	yes	_____ X _____	no
• Significant deficiency(ies) identified?	_____	yes	_____ X _____	none reported
Type of auditor's report issued on compliance for major programs			<u>Unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____	yes	_____ X _____	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.391/84.173	IDEA Basic; IDEA Basic - ARRA; IDEA - Preschool
10.553, 10.555	Child Nutrition - National Lunch and Breakfast Program
_____	_____
_____	_____
_____	_____

Dollar Threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

State Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular 04-04

_____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar Threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

**CITY OF VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2011**

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