

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, 2012

Comprehensive Annual Financial Report

of the

City of Ventnor Board of Education

Ventnor, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

City of Ventnor Board of Education

Business Administration

TABLE OF CONTENTS

INTRODUCTORY SECTION		Page
	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-1b Budgetary Comparison Schedule - Job Education Fund	60
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	61-62
	Notes to the Required Supplementary Information	
	C-3 Budget-to-GAAP Reconciliation	63
	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	64-65
	E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	107-108
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

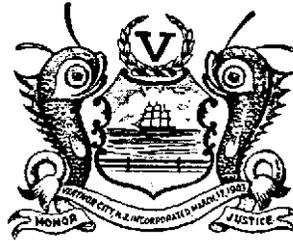
TABLE OF CONTENTS (continued)

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	107-108
Part 3 - Schedule of Federal and State Award Findings and Questioned Costs	107-108
K-7 Summary Schedule of Prior Audit Findings	107-108

Introductory Section

Ventnor Educational Community Complex

Interim Superintendent
ROBERT BAKER
(609) 487-7900 Ext 502
Business Administrator/Board Secretary
ALLISON BOGART
(609) 487-7900 Ext 513



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Ventnor City, New Jersey 08406
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December 3, 2012

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, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 2011-2012 fiscal year with an enrollment of 905 students. The following details the changes in the student enrollment of the district over the last six years:

<u>Year</u>	<u>Enrollment</u>
2011 - 2012	905
2010 - 2011	936
2009 - 2010	981
2008 - 2009	995
2007 - 2008	946
2006 - 2007	956

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 renovations were completed in 2001 and a multimillion dollar renovation project was 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 consisted 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 \$21,127, \$33,188, \$26,168, and \$22,365 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 2012-2013 school year, the district will operate with a budget of \$21,539,476. The district's management team consists of an interim-superintendent, business administrator/board secretary, an elementary school principal and a middle school principal, and a supervisor 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 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 was completed during the 2011-2012 school year. All classrooms were 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, 2012.

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

Allison Bogart

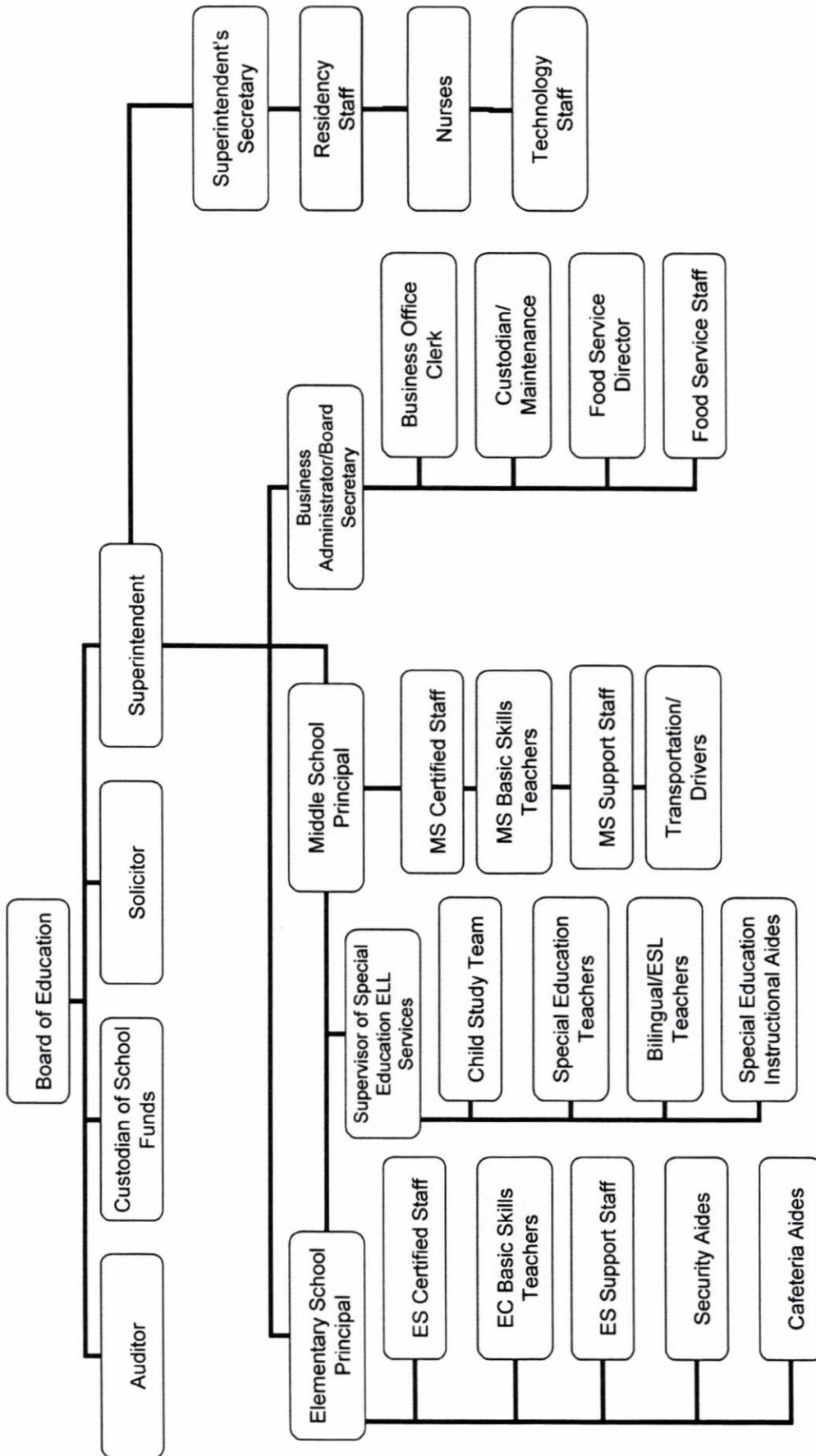
Robert Baker
Interim Superintendent

Allison Bogart
Board Secretary/ Business Administrator

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VENTNOR BOARD OF EDUCATION
Ventnor, New Jersey

FILE CODE: 2121
REVISION



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CITY OF VENTNOR BOARD OF EDUCATION

**Roster of Officials
June 30, 2012**

<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	2015
Kimberly Bassford	2014
Vacant	
Julie Rice	2014

Other Officials

Robert Baker., Interim Superintendent

Allison Bogart, School Business Administrator/Board Secretary

Catherine Tuohy, Esq., Solicitor

CITY OF VENTNOR BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
PO Box 538
Ocean City, NJ 08226

Attorney

Catherine Tuohy, Esq.
4707 Atlantic Avenue
Atlantic City, NJ 08401

Official Depository

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

Financial Section

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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, 2012, 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 December 3, 2012 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.

Kenneth Moore

**Kenneth Moore, CPA
Licensed Public School Accountant
No. CS00499**

Ford, Scott & Associates, L.L.C.

**Ford, Scott & Associates, L.L.C.
Certified Public Accountants**

December 3, 2012

Required Supplemental Information
Part I

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, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net assets of the District decreased approximately \$280,000. The increase is due to construction in progress for various capital improvements to the school.
- The State of New Jersey reimbursed the District \$531,620 during the fiscal year ended June 30, 2012 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 \$654,774 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, 2012, the District had excess fund balance in the amount of \$1,082,431 of which \$261,845 has been included in the 2012-2013 budget and the remaining \$820,586 will be included in the 2013-2014 budget.
- During the fiscal year ended June 30, 2012, the District's revenues and special items exceeded expenditures by \$660,216. During the prior fiscal year, expenditures exceeded revenues and special items by approximately \$95,000.
- In the District's business-type activities, net assets decreased \$110,553 due to the purchase of undepreciable assets.

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 decreased approximately \$170,000 between fiscal years 2011 and 2012 due to construction in progress for various capital improvements to the school. The business-type activities net assets decreased approximately \$110,000 due to the purchase of undepreciable assets.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 1,895,843	1,179,054	\$ 113,231	251,169	\$ 2,009,074	1,430,223
Capital assets	20,206,768	21,026,081	47,717	29,896	20,254,485	21,055,977
Total assets	22,102,611	22,205,135	160,948	281,065	22,263,559	22,486,200
Long-term liabilities	563,543	544,804			563,543	544,804
Other liabilities	191,181	135,520	7,855	17,419	199,036	152,939
Total liabilities	754,724	680,324	7,855	17,419	762,579	697,743
Net assets						
Invested in Capital Assets	20,026,494	20,853,166	47,717	29,896	20,074,211	20,883,062
Restricted	562,931	429,412			562,931	429,412
Unrestricted	758,462	242,233	105,376	233,750	863,838	475,983
Total net assets	\$ 21,347,887	21,524,811	\$ 153,093	263,646	\$ 21,500,980	21,788,457

Changes in net assets. The total general fund revenue of the District increased approximately \$3,200,000 due to a decrease 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.

	2012		2011	
	2012 Amount	Percentage	2011 Amount	Percentage
Property taxes	\$ 17,483,143	78.65%	\$ 17,142,480	67.33%
Unrestricted Federal and State aid	3,254,800	14.64%	2,681,178	10.53%
Transportation	306,962	1.38%	320,471	1.23%
Miscellaneous	31,866	0.14%	170,270	0.69%
Bond Proceeds	23,145	0.10%	3,833,861	15.06%
Operating grants and contributions	1,129,059	5.08%	1,313,002	5.16%
Totals	\$ 22,228,975	100.00%	\$ 25,461,262	100.00%

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2012 and 2011 fiscal years.

	Governmental Activities		Business-type Activities		Totals	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program revenue						
Charges for services	\$ 306,962	\$ 320,471	\$191,536	\$ 219,138	\$ 498,498	\$ 539,609
Federal and state grants	1,129,059	1,313,002	340,762	314,391	1,469,821	1,627,393
General revenues						
Property taxes	17,483,143	17,142,480			17,483,143	17,142,480
State aid entitlements	3,254,800	2,681,178			3,254,800	2,681,178
Bond Proceeds	23,145	3,833,861			23,145	3,833,861
Miscellaneous	31,866	168,668			31,866	168,668
Total revenues	22,228,975	25,459,660	532,298	533,529	22,761,273	25,993,189
Expenses						
Instruction:						
Regular	6,604,687	7,089,833			6,604,687	7,089,833
Special Education	1,052,321	1,066,984			1,052,321	1,066,984
Other special instruction	762,249	640,078			762,249	640,078
Other Instruction	37,754	18,750			37,754	18,750
Non-Public Programs		23,545			-	23,545
Support services:						
Instruction	8,673,153	8,583,844			8,673,153	8,583,844
Student & instruction related	1,547,684	1,264,698			1,547,684	1,264,698
School admin services	695,141	641,190			695,141	641,190
General admin services	231,879	381,716			231,879	381,716
Plant operations/maint	1,342,145	1,335,867			1,342,145	1,335,867
Pupil transportation	1,084,316	1,056,252			1,084,316	1,056,252
Business and other support services	338,697	316,073			338,697	316,073
Capital outlay	28,873	160,965			28,873	
Business-type activities			642,851	591,921	642,851	591,921
Total expenses	22,398,899	22,579,795	642,851	591,921	23,041,750	23,010,751
Excess (Deficiency) before						
Extraordinary and Special items	(169,924)	2,879,865	(110,553)	(58,392)	(280,477)	2,821,473
Increase (decrease) in net assets	(169,924)	2,879,865	(110,553)	(58,392)	(280,477)	2,821,473
Net assets – beginning	21,517,811	18,637,946	263,646	322,038	21,781,457	18,959,984
Net assets – ending	\$21,347,887	\$21,517,811	\$153,093	\$ 263,646	\$21,500,980	\$ 21,781,457

Business-type Activities

Operating revenues of the District's business-type activities decreased \$110,553 over the previous year and expenses increased by \$90,000.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,708,952 which is \$660,216 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 less than the budget by \$47,500. This is a result of transportation contracts lower in the current year. Again, after adjusting for the Reimbursed TPAF Social Security Contribution, on-behalf TPAF Pension Contributions, actual expenditures were \$322,000 more than the budgeted appropriations.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the District had invested over \$20 million, net of depreciation, in a broad range of capital assets, including land, buildings and equipment. Refer to Note 4 for more detailed information.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000
Construction in progress		2,627,202				
Buildings and Improvements	20,046,397	18,219,751			20,046,397	18,219,751
Equipment	60,371	79,128	47,718	62,438	108,089	141,566
Total	<u>\$ 20,206,768</u>	<u>\$ 21,026,081</u>	<u>\$ 47,718</u>	<u>\$ 62,438</u>	<u>\$ 20,254,486</u>	<u>\$ 18,461,317</u>

Long-term Debt

The District's debt consisted of capital leases for technology equipment in the amount \$175,984. The District is Type I and all other school debt is held by the City.

	<u>Balance</u>		<u>Retired/</u>	<u>Balance</u>
	<u>June 30, 2011</u>	<u>Issued</u>	<u>Adjusted</u>	<u>June 30, 2012</u>
Obligations under Capital Leases	\$ 172,915	\$ 64,061	\$ 60,992	\$ 175,984
Compensated Absences Payable	371,889	83,865	68,195	387,559
Total	<u>\$ 544,804</u>	<u>\$ 147,926</u>	<u>\$ 129,187</u>	<u>\$ 563,543</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, 2012

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, 2012

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,360,601	\$ 103,254	\$ 1,463,855
Receivables, net	-	24,805	24,805
Due from other governments	475,547	14,862	490,409
Internal Funds	32,542	(32,542)	-
Due from fiduciary funds	27,153		27,153
Inventory		2,852	2,852
Capital assets not being depreciated:			
Land	100,000		100,000
Capital assets, net of accumulated depreciation	20,106,768	47,717	20,154,485
Total Assets	<u>22,102,611</u>	<u>160,948</u>	<u>22,263,559</u>
LIABILITIES			
Accounts payable	160,786	7,855	168,641
Payable to state government	-		-
Accrued Interest Payable	4,290		4,290
Deferred revenue	26,105		26,105
Noncurrent liabilities:			
Due within one year	69,539		69,539
Due beyond one year	494,004		494,004
Total liabilities	<u>754,724</u>	<u>7,855</u>	<u>762,579</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	20,026,494	47,717	20,074,211
Restricted for:			
Other purposes	562,931		562,931
Unrestricted	758,462	105,376	863,838
Total Net Assets	<u>\$ 21,347,887</u>	<u>\$ 153,093</u>	<u>\$ 21,500,980</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 5,490,536	\$ 1,114,151	\$ -	\$ 1,013,370	\$ (5,591,317)	\$ -	\$ (5,591,317)
Special education	876,428	175,893			(1,052,321)		(1,052,321)
Other special instruction	634,841	127,408			(762,249)		(762,249)
Other instruction	31,444	6,310			(37,754)		(37,754)
Non-Public Programs		-			-		-
Support services:							
Instruction	7,223,456	1,449,697		115,689	(8,557,464)		(8,557,464)
Student and Instruction Related Services	1,288,992	258,692			(1,547,684)		(1,547,684)
General Administration	193,121	38,758			(231,879)		(231,879)
School Administration	578,797	116,344			(695,141)		(695,141)
Operations and Maintenance	1,117,809	224,336			(1,342,145)		(1,342,145)
Student Transportation	903,075	181,241	306,962	-	(777,354)		(777,354)
Business and Other Support Services	282,084	56,613			(338,697)		(338,697)
Unallocated benefits	3,749,443	(3,749,443)			-		-
Capital Outlay	28,873				(28,873)		(28,873)
Total governmental activities	22,398,899	-	306,962	1,129,059	(20,962,878)	-	(20,962,878)
Business-type activities:							
After school program	29,866		15,297			(14,569)	(14,569)
Food Service	612,985		176,239	340,762		(95,984)	(95,984)
Total business-type activities	642,851		191,536	340,762		(110,553)	(110,553)
Total Primary Government	\$ 23,041,750		\$ 498,498	\$ 1,469,821	\$ (20,962,878)	\$ (110,553)	\$ (21,073,431)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 17,483,143	\$ -	\$ 17,483,143
Federal and State Aid Not Restricted					3,254,800		3,254,800
Miscellaneous Income					31,866		31,866
Bond Proceeds					23,145		23,145
Total General Revenues, Special Items, Extraordinary Items, and Transfers					20,792,954	-	20,792,954
Change in Net Assets					(169,924)	(110,553)	(280,477)
Net Assets—beginning					21,517,811	263,646	21,781,457
Net Assets—ending					\$ 21,347,887	\$ 153,093	\$ 21,500,980

See accompanying notes to the financial statements

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.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 1,360,601	\$ -	\$ -	\$ 1,360,601
Due from other funds	300,652			300,652
Receivables from other governments	193,799	281,748		475,547
Receivables, net				-
Total assets	1,855,052	281,748	-	2,136,800
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	132,623	28,163		160,786
Due to other funds		240,957		240,957
Payable to Other Governments		-		-
Deferred revenue		26,105		26,105
Total liabilities	132,623	295,225	-	427,848
Fund Balances:				
Restricted for:				
Excess surplus	820,586			820,586
Excess surplus - designated for Subsequent year's expenditures	261,845			261,845
Committed to:				
Maintenance Reserve	9,700			9,700
Designated for Subsequent Year's Expenditures	270,415			270,415
Assigned to:				
Encumbrances	20,971			20,971
Unreserved, reported in:				
General Fund	338,912		-	338,912
Special Revenue Fund		(13,477)		(13,477)
Total Fund balances	1,722,429	(13,477)	-	1,708,952
Total Liabilities and Fund Balances	\$ 1,855,052	\$ 281,748	\$ -	
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.				\$ 20,206,768
Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.				(4,290)
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.				(563,543)
Net assets of governmental activities				\$ 21,347,887

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, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$ 17,483,143	\$ -	\$ -	\$ 17,483,143
Transportation	306,962			306,962
Tuition	-			-
Miscellaneous	31,866			31,866
State sources	3,169,766	141,150		3,310,916
Federal sources	85,034	987,909		1,072,943
Total revenues	<u>21,076,771</u>	<u>1,129,059</u>	<u>-</u>	<u>22,205,830</u>
EXPENDITURES				
Current:				
Regular instruction	4,407,461	870,335		5,277,796
Special education instruction	833,213			833,213
Other special instruction	603,538			603,538
Other instruction	29,893			29,893
Support services and undistributed costs:				
Instruction	6,751,596	115,689		6,867,285
Student and Instruction Related Services	1,225,435			1,225,435
General Administration	183,598			183,598
School Administration	551,125			551,125
Operations and Maintenance	1,062,692			1,062,692
Student Transportation	858,547			858,547
Business and Other Support Services	268,176			268,176
Unallocated Benefits	3,612,791	136,652		3,749,443
Capital outlay	98,934	-	23,145	122,079
Total expenditures	<u>20,486,999</u>	<u>1,122,676</u>	<u>23,145</u>	<u>21,632,820</u>
Excess (Deficiency) of revenues over expenditures	<u>589,772</u>	<u>6,383</u>	<u>(23,145)</u>	<u>573,010</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Food Service				-
Bond Proceeds			23,145	23,145
Capital Leases	64,061			64,061
Total other financing sources and uses	<u>64,061</u>	<u>-</u>	<u>23,145</u>	<u>87,206</u>
Net change in fund balances	653,833	6,383	-	660,216
Fund balance—July 1	1,068,596	(19,860)	-	1,048,736
Fund balance—June 30	<u>\$ 1,722,429</u>	<u>\$ (13,477)</u>	<u>\$ -</u>	<u>\$ 1,708,952</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, 2012

Total net change in fund balances - governmental funds (from B-2) \$ 660,216

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	\$ (912,519)	
	Capital outlays	<u>93,206</u>	(819,313)

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. (64,061)

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. 60,992

In the statement of activities, any losses on the disposal of fixed assets are reported in the current year. -

In the statement of activities, any transferral of fixed assets are reported in the current year. -

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. (-) 912

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 (+). (8,670)

Change in net assets of governmental activities \$ (169,924)

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities - Enterprise Funds		
	Food Service	After School Program (Non-major fund)	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 84,131	\$ 19,123	\$ 103,254
Accounts receivable			
Other	24,805	-	24,805
Inventories	2,852		2,852
Total current assets	126,650	19,123	145,773
Noncurrent assets:			
Furniture, machinery & equipment	186,059		186,059
Less accumulated depreciation	(138,342)		(138,342)
Total noncurrent assets	47,717	-	47,717
Total assets	174,367	19,123	193,490
LIABILITIES			
Current liabilities:			
Interfunds Payable	32,542		32,542
Accounts payable	7,855	-	7,855
Total liabilities	40,397	-	40,397
NET ASSETS			
Invested in capital assets net of accumulated depreciation	47,717		47,717
Unrestricted	86,253	19,123	105,376
Total net assets	\$ 133,970	\$ 19,123	\$ 153,093

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, 2012

	Business-type Activities - Enterprise Fund		
	Food Service	After School Program (Non-major fund)	Total
OPERATING REVENUES:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 51,708	\$ -	\$ 51,708
Daily Sales - Non-Reimbursable Programs	119,644		119,644
Miscellaneous	4,887		4,887
After School Program Revenue		15,297	15,297
Total Operating Revenues	176,239	15,297	191,536
OPERATING EXPENSES:			
Salaries	151,064	21,703	172,767
Employee Benefits	38,161	8,163	46,324
Other Purchased Services	72,641		72,641
Cost of Sales	281,451		281,451
Depreciation	14,721		14,721
Other Costs	54,947		54,947
Total Operating Expenses	612,985	29,866	642,851
Operating income (loss)	(436,746)	(14,569)	(451,315)
NONOPERATING REVENUES:			
State sources:			
State School Lunch Program	5,117		5,117
Federal sources:			
National School Lunch Program	219,624		219,624
National School Breakfast Program	67,675		67,675
National School Snack Program	12,358		12,358
Special Milk Program	1,064		1,064
Food Distribution Program	34,921		34,921
Interest Income	3		3
Total Nonoperating Revenues	340,762	-	340,762
Net Income/(loss)	(95,984)	(14,569)	(110,553)
Net Assets - July 1	229,954	33,692	263,646
Net Assets - June 30	\$ 133,970	\$ 19,123	\$ 153,093

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, 2012

	Business-type Activities -		
	Enterprise Fund		
	Food Service	After School Program (Non-major fund)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 168,510	\$ 15,297	\$ 183,807
Cash payments to employees for services	(189,225)	(29,866)	(219,091)
Cash payments to suppliers for goods and services	(384,124)	-	(384,124)
Net cash provided/(used) by operating activities	<u>(404,839)</u>	<u>(14,569)</u>	<u>(419,408)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash received from state and federal reimbursements	290,976		290,976
Return of Interfund	32,542		32,542
Net cash provided by noncapital financing activities	<u>323,518</u>	<u>-</u>	<u>323,518</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of equipment	-		-
Net cash (used) by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	3		3
Net cash provided by investing activities	<u>3</u>	<u>-</u>	<u>3</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(81,318)	(14,569)	(95,887)
Cash and Cash Equivalents, July 1	165,449	33,692	199,141
Cash and Cash Equivalents, June 30	<u>\$ 84,131</u>	<u>\$ 19,123</u>	<u>\$ 103,254</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income/(Loss)	\$ (436,746)	\$ (14,569)	\$ (451,315)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash			
provided by (used for) Operating Activities:			
Depreciation	14,721		14,721
Federal Commodities	34,921		34,921
Change in assets and liabilities:			
Decrease in accounts receivable	(7,729)	-	(7,729)
(Increase) in inventory	(442)		(442)
Increase in accounts payable	(9,564)		(9,564)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (404,839)</u>	<u>\$ (14,569)</u>	<u>\$ (419,408)</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Trust Funds	Agency Funds
	Unemployment Compensation Trust	
ASSETS		
Cash and cash equivalents	\$ 112	\$ 195,870
Due from payroll agency		
	112	195,870
Total assets	112	195,870
LIABILITIES		
Due to the State of New Jersey		
Interfund accounts payable:		
Due to general fund	112	27,041
Due to unemployment compensation trust		-
Payable to student groups		27,000
Payroll deductions and withholdings		141,829
	112	195,870
Total liabilities	112	\$ 195,870
NET ASSETS		
Held in trust for unemployment claims and other purposes	\$ -	

See accompanying notes to the financial statements

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, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Employee Contributions	\$ 601
Board Contributions	17,500
Investment earnings:	
Interest	14
Total additions	<u>18,115</u>
DEDUCTIONS	
Unemployment claims	16,422
Total deductions	<u>16,422</u>
Change in net assets	1,693
Net assets—beginning of the year	<u>(1,693)</u>
Net assets—end of the year	<u>\$ -</u>

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, 2012 of 905 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.

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 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.

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, 2012, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 1,874
Supplies	978
Total	<u><u>\$ 2,852</u></u>

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

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

City of Ventnor 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, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District’s highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District’s policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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.

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.

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.

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 2011/12 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, 2012, 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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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, 2012 \$340 of the District’s bank balance of \$2,755,773 was exposed to custodial credit risk.

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NOTE 4. FIXED ASSETS

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

	Balance June 30, 2011	Additions	Disposals	Balance June 30, 2012
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Construction in Progress	2,627,202	23,145	(2,650,347)	-
Total capital assets not being depreciated	<u>2,727,202</u>	<u>23,145</u>	<u>(2,650,347)</u>	<u>100,000</u>
Bldg and bldg improve	26,909,258	2,714,408		29,623,666
Machinery & equipment	443,764	6,000		449,764
Total at historical cost	<u>27,353,022</u>	<u>2,720,408</u>	<u>-</u>	<u>30,073,430</u>
Less accum depr for:				
Bldg and improve	(8,689,507)	(887,762)		(9,577,269)
Equipment	(364,636)	(24,757)		(389,393)
Total accum deprec	<u>(9,054,143)</u>	<u>(912,519)</u>	<u>-</u>	<u>(9,966,662)</u>
Total capital assets being depr, net of accum depr	<u>18,298,879</u>	<u>1,807,889</u>	<u>-</u>	<u>20,106,768</u>
Governmental activities capital assets, net	<u>\$ 21,026,081</u>	<u>\$ 1,831,034</u>	<u>\$ (2,650,347)</u>	<u>\$ 20,206,768</u>
Business-type activities:				
Equipment	\$ 186,059	\$ -	\$ -	\$ 186,059
Less accum depr for:				
Equipment	(123,621)	(14,721)		(138,342)
Business-type activities capital assets, net	<u>\$ 62,438</u>	<u>\$ (14,721)</u>	<u>\$ -</u>	<u>\$ 47,717</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$	271,156
Special education		42,808
Other special instruction		31,008
Other instruction		1,536
Instruction		352,819
Student & instruction related services		62,959
School administrative expenses		28,315
General and business administration		9,433
Plant operations and maintenance		54,598
Pupil Transportation		44,109
Business and other Support Services		13,778
	<u>\$</u>	<u>912,519</u>

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Balance June</u> <u>30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June</u> <u>30, 2012</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Obligations under					
Capital Leases	\$ 172,915	\$ 64,061	\$ 60,992	\$ 175,984	\$ 69,539
Compensated Absences					
Payable	371,889	83,865	68,195	387,559	
	<u>\$ 544,804</u>	<u>\$ 147,926</u>	<u>\$ 129,187</u>	<u>\$ 563,543</u>	<u>\$ 69,539</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.

B. Capital Leases – The district is leasing technology equipment totaling \$171,352 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, 2012.

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 August 2009, December 2010 and September 2011 the District entered into a capital leases for various technology equipment and Retro-lighting. The equipment cost was less then 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.

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, 2012, 2011, and 2010 were \$0, \$0, and \$0, 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, 2012, 2011, and 2010 were \$154,545, \$143,766, and \$105,597 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2012, 2011, and 2010, the State of New Jersey contributed \$654,774, \$461,751, and \$455,015, 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 \$531,620, \$513,172, and \$516,936, 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 8. COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee and are capped based on the terms stated in the various contracts.

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

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

NOTE 9. DEFERRED COMPENSATION

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

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

NOTE 10. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2012 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 had 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>
2011-2012	\$ 17,500	\$ 616	\$ 16,423	\$ -
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

During the fiscal year 2012 the District revoked the election to fund Unemployment under the “Benefit Reimbursement Method”.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 300,652	\$ -
Special Revenue Fund		240,957
Trust Fund		112
Agency Fund		27,041
Food Service Fund		32,542
Total	<u>\$ 300,652</u>	<u>\$ 300,652</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 \$1,722,429 General Fund fund balance at June 30, 2012, \$20,971 is reserved for encumbrances; \$1,082,431 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$261,845 of the total reserve for excess surplus has been appropriated and also included as anticipated revenue for the year ending June 30, 2013); \$270,415 has been legally restricted and included as anticipated revenue for the year ending June 30, 2013; \$9,700 has been reserved in the Maintenance Reserve Account; and \$338,912 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, 2012 is \$1,082,431, of which \$261,845 has been appropriated and included as anticipated revenue for the year ended June 30, 2013.

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 \$(13,477) in the Special Revenue Fund as of June 30, 2012 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.

NOTE 17. SUBSEQUENT EVENT

The District has evaluated events through December 3, 2012, the date on which the financial statements were available to be issued and no additional items were noted for disclosure.

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.

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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,483,143	\$ -	\$ 17,483,143	\$ 17,483,143	\$ -
Tuition		-			-
Transportation	360,000	-	360,000	306,962	(53,038)
Miscellaneous	27,000	-	27,000	31,866	4,866
Total - Local Sources	17,870,143	-	17,870,143	17,821,971	(48,172)
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	418,560	204,109	622,669	622,669	-
Extraordinary Aid	32,000	35,855	67,855	67,855	-
Nonpublic Transportation Aid		12,876	12,876	12,876	-
Other State Aid				753	753
On-Behalf TPAF Pension Contributions (non-budgeted)		-		654,774	654,774
Reimbursed TPAF Social Security Contributions (non-budgeted)		-		531,620	531,620
Total - State Sources	1,773,254	252,840	2,026,094	3,213,241	1,187,147
Federal Sources:					
Education Jobs Fund	84,724	-	84,724	84,724	-
Medicaid Reimbursement		-		310	310
Total - Federal Sources	84,724	-	84,724	85,034	310
Total Revenues	\$ 19,728,121	\$ 252,840	\$ 19,980,961	\$ 21,120,246	\$ 1,139,285

**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, 2012**

	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	\$ 18,468	\$ 36,200	\$ 54,668	\$ 33,651	\$ 21,017
Kindergarten	319,000	-	319,000	318,023	977
Grades 1-5	2,056,262	(7,190)	2,049,072	2,033,619	15,453
Grades 6-8	1,455,782	101,100	1,556,882	1,550,840	6,042
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000	-	4,000	1,523	2,477
Purchased Professional - Educational Services	1,000	-	1,000	-	1,000
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	1,100	-	1,100	-	1,100
Other Purchased Services (400-500 series)	62,900	-	62,900	70,190	(7,290)
General Supplies	160,537	(19,000)	141,537	135,876	5,661
Textbooks	19,700	-	19,700	9,418	10,282
Other Objects	500	-	500	(100)	600
Total Regular Programs	4,099,249	111,110	4,210,359	4,153,040	57,319
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	681,100	(38,908)	642,192	642,192	-
Other Salaries for Instruction	169,800	(11,122)	158,678	154,061	4,617
Total Resource Room/Resource Center	850,900	(50,030)	800,870	796,253	4,617

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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Home Instruction - Special					
Salaries of Teachers	\$ 35,129	\$ 1,831	\$ 36,960	\$ 36,960	\$ -
Purchased Professional - Educational Services	5,000	-	5,000	-	5,000
Total Home Instruction - Special	40,129	1,831	41,960	36,960	5,000
Total Special Education - Instruction	891,029	(48,199)	842,830	833,213	9,617
Basic Skills/Remedial- Instruction					
Salaries of Teachers	163,900	90,279	254,179	254,179	-
Total Basic Skills/Remedial - Instruction	163,900	90,279	254,179	254,179	-
Bilingual Education - Instruction:					
Salaries of Teachers	400,800	(33,879)	366,921	349,359	17,562
Total Bilingual Education - Instruction	400,800	(33,879)	366,921	349,359	17,562
School Sponsored Cocurricular Activities - Instruction:					
Salaries	7,900	9,356	17,256	11,913	5,343
Purchased Services (300-500 Series)	500	369	869	869	-
Supplies and Materials	1,000	-	1,000	949	51
Other Objects	1,400	-	1,400	1,260	140
Total School Sponsored Cocurricular Activities - Instruction	10,800	9,725	20,525	14,991	5,534
School Sponsored Athletics - Instruction					
Salaries		13,900	13,900	10,610	3,290
Purchased Services (300-500 Series)		4,875	4,875	2,352	2,523
Total School Sponsored Athletics - Instruction	-	18,775	18,775	12,962	5,813
Other Alternate Education Programs - Instruction					
Salaries	2,100	-	2,100	1,940	160
Total Summer School - Instruction	2,100	-	2,100	1,940	160

**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, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Total Instruction	\$ 5,567,878	\$ 147,811	\$ 5,715,689	\$ 5,619,684	\$ 96,005
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	5,128,395	-	5,128,395	5,086,826	41,569
Tuition to Other LEAs within the State - Special	966,004	-	966,004	966,004	-
Tuition to Co. Voc. School Dist. - Regular	124,737	-	124,737	124,737	-
Tuition to CSSD & Regional Day Schools	305,502	-	305,502	151,208	154,294
Tuition to Private Schools for the Disabled- Within State	220,837	58,000	278,837	237,152	41,685
Tuition to Private Schools for the Disabled & Other LEA's	58,000	(58,000)	-	-	-
Tuition - State Facilities	185,669	-	185,669	185,669	-
Total Undistributed Expenditures - Instruction	6,989,144	-	6,989,144	6,751,596	237,548
Undistributed Expenditures - Attendance and Social Work:					
Salaries	14,900	1,000	15,900	14,900	1,000
Other Purchased Services	15,750	-	15,750	7,090	8,660
Supplies and Materials	200	-	200	200	-
Total Undistributed Expenditures - Attendance and Social Work	30,850	1,000	31,850	22,190	9,660
Undistributed Expenditures - Health Services:					
Salaries	136,100	-	136,100	122,561	13,539
Purchased Professional and Technical Services	9,180	100	9,280	8,318	962
Supplies and Materials	5,500	-	5,500	4,239	1,261
Total Undistributed Expenditures - Health Services	150,780	100	150,880	135,118	15,762
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	163,300	(4,955)	158,345	152,344	6,001
Purchased Professional Educational Services	40,000	14,955	54,955	54,955	-
Total Undistributed Expenditures - Other Support Services - Students - Related Services	203,300	10,000	213,300	207,299	6,001

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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Other Support Services - Extra. Serv.					
Salaries	\$ 60,200	\$ 86,790	\$ 146,990	\$ 142,102	\$ 4,888
Purchased Professional Educational Services	106,500	(72,000)	34,500	-	34,500
Total Undistributed Services - Other Support Services - Extra. Serv.	166,700	14,790	181,490	142,102	39,388
Undistributed Expenditures - Other Support Services - Students - Regular: (GUIDANCE)					
Salaries and Other Professional Staff	125,100	44,605	169,705	169,582	123
Purchased Professional Services - Educational Services	11,200	(4,405)	6,795	2,616	4,179
Other Purchased Professional & Technical Services	2,300	4,300	6,600	6,600	-
Other Purchased Services	-	-	-	-	-
Supplies and Materials	8,700	(4,300)	4,400	3,847	553
Other Objects	100	-	100	-	100
Total Undistributed Expenditures - Other Support Services - Students - Regular	147,400	40,200	187,600	182,645	4,955
Undistributed Expenditures - Other Support Services - Students - Special (CHILD STUDY TEAM)					
Salaries of Other Professional Staff	203,400	(11,826)	191,574	191,574	-
Salaries of Secretarial and Clerical Assistants	42,800	-	42,800	42,788	12
Purchased Professional - Educational Services	17,529	8,826	26,355	22,596	3,759
Supplies and Materials	2,500	-	2,500	1,274	1,226
Total Undistributed Expenditures - Other Support Services - Students - Special	266,229	(3,000)	263,229	258,232	4,997

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	143,741	-	143,741	198,659	(54,918)
Salaries of Technology Coordinators	58,482	-	58,482	51,372	7,110
Purchased Professional and Technical Services	9,100	-	9,100	8,079	1,021
Other Purchased Services (400-500 Series)	500	-	500	490	10
Supplies and Materials	19,600	-	19,600	19,249	351
	<u>231,423</u>	<u>-</u>	<u>231,423</u>	<u>277,849</u>	<u>(46,426)</u>
Total Undistributed Expenditures - Educational Media Services - School Library					
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	128,699	(39,037)	89,662	63,906	25,756
Legal Services	25,000	22,097	47,097	46,939	158
Audit Fees	20,000	-	20,000	19,000	1,000
Other Purchased Services	-	-	-	-	-
Communications/Telephone	38,000	(8,000)	30,000	14,444	15,556
BOE Other Purchased Services	1,000	-	1,000	914	86
Other Purchased Services	30,000	(560)	29,440	25,711	3,729
General Supplies	3,000	-	3,000	1,261	1,739
BOE In-House Training/Meeting Supplies	500	-	500	289	211
Miscellaneous Expenditures	3,000	-	3,000	1,270	1,730
BOE Membership Dues & Fees	10,000	-	10,000	9,864	136
	<u>259,199</u>	<u>(25,500)</u>	<u>233,699</u>	<u>183,598</u>	<u>50,101</u>
Total Undistributed Expenditures - Support Services - Gen. Admin.					
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	213,400	-	213,400	213,334	66
Salaries of Other Professional Staff	93,200	-	93,200	93,127	73
Salaries of Secretarial and Clerical Assistants	215,400	-	215,400	214,731	669
Purchased Professional and Technical Services	10,800	-	10,800	9,975	825
Other Purchased Services	1,347	1,200	2,547	1,650	897
Supplies and Materials	16,059	(1,200)	14,859	8,270	6,589
Other Objects	11,584	-	11,584	10,038	1,546
	<u>561,790</u>	<u>-</u>	<u>561,790</u>	<u>551,125</u>	<u>10,665</u>
Total Undistributed Expenditures - Support Serv. - School Admin.					

**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, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Central Services					
Salaries	\$ 178,200	\$ -	\$ 178,200	\$ 177,893	\$ 307
Purchased Professional Services	23,500	-	23,500	18,614	4,886
Miscellaneous Purchased Services	7,500	-	7,500	3,422	4,078
Supplies and Materials	7,000	-	7,000	5,627	1,373
Miscellaneous Expenditures	1,500	-	1,500	1,396	104
Total Central Services	217,700	-	217,700	206,952	10,748
Administrative Information Technology					
Salaries	40,600	-	40,600	40,560	40
Purchased Professional Services	4,000	-	4,000	1,657	2,343
Other Purchased Services	18,099	-	18,099	15,050	3,049
Supplies & Materials	5,900	-	5,900	3,957	1,943
Total Administrative Information Technology	68,599	-	68,599	61,224	7,375
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	101,300	3,983	105,283	101,335	3,948
Cleaning Repairs and Maintenance Services	53,000	(1,518)	51,482	51,482	-
General Supplies	15,000	(4,848)	10,152	6,382	3,770
Total Undistributed Expenditures - Required Maintenance for School Facilities	169,300	(2,383)	166,917	159,199	7,718
Undistributed Expenditures - Operation and Maintenance - Custodial Services					
Salaries	15,200	-	15,200	11,878	3,322
Cleaning, Repair and Maintenance Services	411,561	(100)	411,461	407,636	3,825
Rental of Land & Building other than Lease Purchase Agreement	3,104	-	3,104	558	2,546
Insurance	67,000	-	67,000	61,925	5,075
General Supplies	40,000	(10,000)	30,000	28,549	1,451
Energy (Electricity)	250,000	45,000	295,000	282,455	12,545
Other Objects	300	-	300	286	14
Energy (Natural Gas)	95,300	(32,077)	63,223	42,497	20,726
Total Undistributed Exp - Operation and Maintenance - Custodial Services	882,465	- 2,823	885,288	- 835,784	49,504

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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	\$ 27,000	\$ 19,000	\$ 46,000	\$ 42,498	\$ 3,502
General Supplies	500	-	500	485	15
Total Undistributed Expenditures - Care and Upkeep of Grounds	27,500	19,000	46,500	42,983	3,517
Undistributed Expenditures - Security					
Salaries	14,900	-	14,900	13,198	1,702
Cleaning, Repair and Maintenance Services	9,000	460	9,460	9,459	1
General Supplies	2,069	-	2,069	2,069	-
Total Undistributed Expenditures - Security	25,969	460	26,429	24,726	1,703
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,105,234	19,900	1,125,134	1,062,692	62,442
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	3,000	-	3,000	1,234	1,766
Contracted Services - (Between Home and School) - Vendors	771,653	(42,561)	729,092	724,646	4,446
Contracted Services - (Other Than Between Home and School) - Vendors	5,000	2,376	7,376	6,722	654
Contracted Services - (Between Home and School) - Joint Agmnts	53,052	40,185	93,237	93,237	-
Contracted Services - Aid in Lieu of Payments-Non Public School	27,404	5,000	32,404	30,498	1,906
Contracted Services - Aid in Lieu of Payments-Charter School	3,142	-	3,142	2,210	932
Total Undistributed Expenditures - Student Transportation Serv.	863,251	5,000	868,251	858,547	9,704

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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 165,082	\$ -	\$ 165,082	\$ 99,614	\$ 65,468
Other Retirement Contributions - Regular	160,000	-	160,000	154,545	5,455
Unemployment Compensation	250,000	(129,500)	120,500	17,500	103,000
Workmen's Compensation	86,000	(10,000)	76,000	75,391	609
Health Benefits	2,216,888	(71,301)	2,145,587	2,038,550	107,037
Tuition Reimbursements	15,000	-	15,000	4,500	10,500
Other Employee Benefits	71,500	500	72,000	36,297	35,703
Total Unallocated Benefits	2,964,470	(210,301)	2,754,169	2,426,397	327,772
On-Behalf TPAF Pension Contributions (Non-Budgeted)		-		654,774	(654,774)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)		-		531,620	(531,620)
Total On-Behalf Contributions	-	-	-	1,186,394	(1,186,394)
Total Undistributed Expenditures	14,226,069	(147,811)	14,078,258	14,513,960	(435,702)
Total Current Expense	19,793,947	-	19,793,947	20,133,644	(339,697)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	25,000	-	25,000	6,000	19,000
Assets Acquired Under Capital Leases (non-budgeted)				64,061	(64,061)
Total Equipment	25,000	-	25,000	70,061	(45,061)
Facility Construction and Acquisition					
Construction Services		-		-	-
Other Objects	28,873	-	28,873	28,873	-
Total Facility Construction and Acquisition	28,873	-	28,873	28,873	-
Total Capital Outlay	53,873	-	53,873	98,934	(45,061)

**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, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Transfers to Charter Schools	\$ 300,014	\$ -	\$ 300,014	\$ 254,421	\$ 45,593
Total Expenditures	20,147,834	-	20,147,834	20,486,999	(339,165)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(419,713)	252,840	(166,873)	633,247	800,120
Other Financing Sources (Uses):					
Capital Leases (non-budgeted)			-	64,061	64,061
Total Other Financing Sources (Uses)	-	-	-	64,061	64,061
Fund Balances, July 1	1,151,671		1,151,671	1,151,671	-
Fund Balances, June 30	\$ 731,958	\$ 252,840	\$ 984,798	\$ 1,848,979	\$ 864,181

Recapitulation:

Restricted Fund Balance:					
Reserve for Excess Surplus				\$ 820,586	
Excess Surplus - Designated for Subsequent Year's Expenditures				261,845	
Committed Fund Balance:					
Maintenance Reserve				9,700	
Designated for Subsequent Years Expenditures				270,415	
Assigned Fund Balance:					
Reserve for Encumbrances				20,971	
Unassigned Fund Balance				465,462	
				1,848,979	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(126,550)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,722,429	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance With Under/(Over) Final Budget to Actual
REVENUES:					
Federal Sources:					
Education Jobs Funds	\$84,724.00	-	\$84,724.00	\$84,724.00	\$ -
Total Federal Services	84,724.00	-	84,724.00	84,724.00	-
Total Revenues	84,724.00	-	84,724.00	84,724.00	-
EXPENDITURES:					
Current Expense:					
UNDISTRIBUTED EXPENDITURES					
Education Media Services - School Library					
Salaries	66,423.00	-	66,423.00	66,423.00	-
Total Education Media Services - School Library	66,423.00	-	66,423.00	66,423.00	-
Unallocated Benefits					
Health Benefits	18,301.00	-	18,301.00	18,300.00	1.00
Total Unallocated Benefits	18,301.00	-	18,301.00	18,300.00	1.00
Total Current Expense	84,724.00	-	84,724.00	84,723.00	1.00
Total Expenditures	84,724.00	-	84,724.00	84,723.00	1.00
Excess (Deficiency) of Revenues Over (Under Expenditures	-	-	-	1.00	(1.00)
Net Change in Fund Balance	-	-	-	1.00	(1.00)
Fund Balance July 1	-	-	-	-	-
Fund Balance June 30	\$ -	\$ -	\$ -	\$ 1.00	\$ (1.00)

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, 2012

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 138,891	\$ -	\$ 138,891	\$ 134,767	\$ (4,124)
Other Restricted State Aid		-			
Total - State Sources	138,891	-	138,891	134,767	(4,124)
Federal Sources:					
Title I	555,472	146,367	701,839	592,119	(109,720)
Title I - ARRA		6,613	6,613	6,613	-
Title II	55,600	9,295	64,895	54,439	(10,456)
Title III	44,271	1,934	46,205	44,224	(1,981)
Title III C/O	9,150	(5,835)	3,315		(3,315)
Title IV		12	12	-	(12)
Cafeteria Equipment Grant - ARRA		-		-	-
I.D.E.A., Part B	300,750	22,755	323,505	291,502	(32,003)
I.D.E.A., Part B - ARRA		9,088	9,088	9,088	-
I.D.E.A., Part B, Preschool Incentive		8,883	8,883	8,143	(740)
Total - Federal Sources	965,243	199,112	1,164,355	1,006,128	(158,227)
Total Revenues	1,104,134	199,112	1,303,246	1,140,895	(162,351)
EXPENDITURES:					
Instruction					
Salaries of Teachers	505,444	(48,302)	457,142	435,852	21,290
Other Salaries for Instruction	51,318	-	51,318	51,318	-
Purchased Professional and Technical Services		100,941	100,941	51,177	49,764
Other Purchased Services (400-500 series)	293,000	9,790	302,790	302,790	-
General Supplies	37,550	56,620	94,170	47,417	46,753
Other Objects	1,000	-	1,000		1,000
Total instruction	888,312	119,049	1,007,361	888,554	118,807

**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, 2012**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Program Directors	17,156	36,243	53,399	48,649	4,750
Salaries of Other Professional Staff	134,802	(20,724)	114,078	24,037	90,041
Personal Services- Employee Benefits	40,914	32,888	73,802	136,652	(62,850)
Purchased Professional - Educational Services		17,948	17,948	28,775	(10,827)
Other Purchased Services (400-500 Series)	17,100	11,008	28,108	13,886	14,222
Supplies and Materials	5,850	2,700	8,550	342	8,208
Total support services	<u>215,822</u>	<u>80,063</u>	<u>295,885</u>	<u>252,341</u>	<u>43,544</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>
Transfer of Funds to Charter School			-		-
Total expenditures	<u>1,104,134</u>	<u>199,112</u>	<u>1,303,246</u>	<u>1,140,895</u>	<u>162,351</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2012

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	\$ 21,120,246	\$ 1,140,895
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			42,358
Current year			(60,577)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		83,075	19,860
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(126,550)	(13,477)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	\$ 21,076,771	\$ 1,129,059
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	20,486,999	1,140,895
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			42,358
Current year			(60,577)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 20,486,999	\$ 1,122,676

SPECIAL REVENUE FUND

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Title I	Title I Carryover	Title I ARRA	Title II A	Title II A Carryover	Title II D	Title II D Carryover	Title III	Title III Carryover	Title IV Carryover	IDEA Basic
REVENUES:											
State Sources											
Federal Sources	\$ 403,271	\$ 188,848	\$ 6,613	\$ 48,183	\$ 4,905	\$ -	\$ 1,351	\$ 43,111	\$ 1,113	\$ -	\$ 287,651
Total revenues	<u>403,271</u>	<u>188,848</u>	<u>6,613</u>	<u>48,183</u>	<u>4,905</u>	<u>-</u>	<u>1,351</u>	<u>43,111</u>	<u>1,113</u>	<u>-</u>	<u>287,651</u>
EXPENDITURES											
Instruction:											
Salaries of Teachers	170,543	123,860		30,000				28,000			
Other Salaries for Instruction											
Purchased Prof. and Technical Services	51,177										
Other Purchased Services (400-500 Series)											285,559
General Supplies	19,060	10,980	4,116					6,246	1,113		2,051
Total instruction	<u>240,780</u>	<u>134,840</u>	<u>4,116</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,246</u>	<u>1,113</u>	<u>-</u>	<u>287,610</u>
Support services:											
Salaries of Program Directors	48,649										
Salaries of Other Professional Staff		8,114	2,423	13,500							
Personal Services - Employee Benefits	106,698	29,435	74					445			
Purchased Professional - Educational Services	7,063	9,275			2,666		1,351	8,420			
Other Purchased Services (400-500 Series)		6,964		4,683	2,239						
Supplies and Materials	81	220									41
Total support services	<u>162,491</u>	<u>54,008</u>	<u>2,497</u>	<u>18,183</u>	<u>4,905</u>	<u>-</u>	<u>1,351</u>	<u>8,865</u>	<u>-</u>	<u>-</u>	<u>41</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>	<u>-</u>
Total expenditures	<u>403,271</u>	<u>188,848</u>	<u>6,613</u>	<u>48,183</u>	<u>4,905</u>	<u>-</u>	<u>1,351</u>	<u>43,111</u>	<u>1,113</u>	<u>-</u>	<u>287,651</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>	<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, 2012

	IDEA Basic Carryover	IDEA Basic - ARRA	IDEA Preschool	Total Federal	Preschool Education Aid	Total State	Total
REVENUES:							
State Sources					\$ 134,767	\$ 134,767	\$ 134,767
Federal Sources	\$ 3,851	\$ 9,088	\$ 8,143	\$ 1,006,128			1,006,128
Total revenues	3,851	9,088	8,143	1,006,128	134,767	134,767	1,140,895
EXPENDITURES							
Instruction:							
Salaries of Teachers				352,403	83,449	83,449	435,852
Other Salaries for Instruction				-	51,318	51,318	51,318
Purchased Prof. and Technical Services				51,177		-	51,177
Other Purchased Services (400-500 Series)		9,088	8,143	302,790		-	302,790
General Supplies	3,851			47,417		-	47,417
Total instruction	3,851	9,088	8,143	753,787	134,767	134,767	888,554
Support services:							
Salaries of Program Directors				48,649		-	48,649
Salaries of Other Professional Staff				24,037		-	24,037
Personal Services - Employee Benefits				136,652		-	136,652
Purchased Professional - Educational Services				28,775		-	28,775
Other Purchased Services (400-500 Series)				13,886		-	13,886
Supplies and Materials				342		-	342
Total support services	-	-	-	252,341	-	-	252,341
Facilities Acquisition and Construction Services:							
Instructional Equipment				-		-	-
Non-instructional Equipment				-		-	-
Total Facilities Acquisition and Construction Services:	-	-	-	-	-	-	-
Total expenditures	3,851	9,088	8,143	1,006,128	134,767	134,767	1,140,895
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Special Revenue Fund
Statement of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2012

E-2

EXPENDITURES:	2012		Variance
	Budgeted	Actual	
Instructional:			
Salaries of Teachers	\$ 87,573	\$ 83,449	\$ 4,124
Other Salaries for Instruction	51,318	51,318	-
General Supplies		-	-
	<u>138,891</u>	<u>134,767</u>	<u>4,124</u>
Total Instruction			
Support Services:			
Personal Services - Employee Benefits		-	-
Other Purchased Services (400-500 Series)		-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Support Services			
Total Expenditures	<u>\$ 138,891</u>	<u>134,767</u>	<u>4,124</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2011-12 Preschool Education Aid Allocation	\$ 138,891
Add: Actual PEA Carryover (June 30, 2011)	185
Add: Budgeted transfer from the General Fund	<u> </u>
Total Preschool Education Aid Funds Available for 2011-12 Budget	139,076
Less: 2011-12 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>(134,767)</u>
Available & Budgeted Preschool Education Aid Funds as of June 30, 2012	4,309
Add: June 30, 2012 Unexpended Preschool Education Aid	<u>4,124</u>
2011-12 Actual Carryover - Preschool Education Aid	<u>\$ 8,433</u>
2011-12 Preschool Education Aid Carryover Budget in 2012-13	<u> </u>

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CAPITAL PROJECTS FUND

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2012

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2012</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Renovations and Improvements to the Ventnor City Educational Community Complex	6/24/2009	\$ 4,705,000	\$ 4,222,316	\$ 482,684	\$ -
		<u>\$ 4,705,000</u>	<u>\$ 4,222,316</u>	<u>\$ 482,684</u>	<u>\$ -</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
For the Fiscal Year Ended June 30, 2012

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:

Canceled	459,539
Purchased professional & technical services	-
Transfer to Capital Projects	-
Construction services	23,145
Equipment purchases	-
	<hr/>
Total expenditures	<hr/> 482,684
Excess of revenues over expenditures	(482,684)
Fund balance - beginning	482,684
Fund balance - ending	<hr/> <hr/> \$ -

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, 2012

	<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	\$ 1,713,132
Bond proceeds and transfers	2,823,000		2,823,000	2,532,329
Transfer from capital outlay				
Total revenues	4,705,000	-	4,705,000	4,245,461
Expenditures and Other Financing Uses:				
Purchased professional & technical services			-	-
Transfer to Capital Reserve			-	-
Construction services	4,222,316	23,145	4,245,461	4,245,461
Equipment purchases			-	-
Total expenditures	4,222,316	23,145	4,245,461	4,245,461
Excess of revenues over expenditures	\$ 482,684	\$ (23,145)	\$ 459,539	\$ -

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	\$ 4,245,461
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 4,245,461
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
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.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2012

	Agency Funds		
	Student Activity	Payroll Agency	2012
ASSETS:			
Cash and cash equivalents	\$ 27,000	\$ 168,870	\$ 195,870
Due from Payroll Agency			-
Total Assets	27,000	168,870	195,870
LIABILITIES:			
Liabilities:			
Payroll Deductions and Withholdings		141,829	141,829
Interfund Payable		27,041	27,041
Due to Student Groups	27,000		27,000
Total Liabilities	\$ 27,000	\$ 168,870	\$ 195,870

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, 2012

	Unemployment Compensation Trust
	<u>2012</u>
ADDITIONS:	
Contributions:	
Employee Contributions	\$ 601
Board Contributions	17,500
Investment Earnings:	
Interest	14
Total Additions	18,115
DEDUCTIONS:	
Unemployment Claims	16,422
Total Deductions	16,422
Change in Net Assets	1,693
Net Assets - July 1	(1,693)
Net Assets - June 30	\$ -

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, 2012

H-3

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS:				
Cash and Cash Equivalents	\$ 16,083	\$ 40,688	\$ 29,771	\$ 27,000
Total Assets	<u>16,083</u>	<u>40,688</u>	<u>29,771</u>	<u>27,000</u>
LIABILITIES:				
Due to Student Groups	16,083	40,688	29,771	27,000
Total Liabilities	<u>\$ 16,083</u>	<u>\$ 40,688</u>	<u>\$ 29,771</u>	<u>\$ 27,000</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, 2012

H-4

	Balance July 1, 2011	Additions	Deletions	Balance July 1, 2012
ASSETS:				
Cash and cash equivalents	\$ 81,105	\$ 3,645,808	\$ 3,558,043	\$ 168,870
Total assets	81,105	3,645,808	3,558,043	168,870
 LIABILITIES:				
Payroll Deductions and Withholdings	69,981	3,618,767	3,546,919	141,829
Interfund Accounts Payable:				
Due Unemployment	3,677		3,677	-
Due General Fund	7,447	27,041	7,447	27,041
Total Liabilities	\$ 81,105	\$ 3,645,808	\$ 3,558,043	\$ 168,870

LONG-TERM DEBT

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Long-Term Debt
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2012

Series	Date of Lease	Term of Lease	<u>Amount of Original Issue</u>		Interest Rate Payable	Amount Outstanding June 30, 2011	Current Year Issued	Current Year Retired	Amount Outstanding June 30, 2012
			Principal	Interest					
Retro-Fit Ligthing	9/12/11	5 Years	64,061	9,134	5.09%	\$ -	\$ 64,061	\$ 5,718	\$ 58,343
Furniture and Technology Equipment	8/1/08	4 Years	121,493	11,888	4.18%	58,028		28,420	29,608
Technology Equipment	12/1/10	4 Years	124,887	13,209	4.50%	114,887		26,854	88,033
						<u>\$ 172,915</u>	<u>\$ 64,061</u>	<u>\$ 60,992</u>	<u>\$ 175,984</u>

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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.

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

	Fiscal Year Ending June 30, 2012								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 20,026,494
Restricted	979,685	1,336,783	731,449	1,023,495	929,063	973,217	755,525	429,412	562,931
Unrestricted	(325,593)	(119,790)	(12,795)	(176,272)	176,030	254,667	(346,336)	242,233	758,462
Total governmental activities net assets	<u>21,837,473</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>	<u>21,347,887</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	47,717
Restricted									
Unrestricted	179,812	236,885	263,571	278,237	284,498	260,572	280,681	216,674	105,376
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>	<u>153,093</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	20,074,211
Restricted	979,685	1,336,783	731,449	1,023,495	929,063	973,217	755,525	429,412	562,931
Unrestricted	(145,781)	117,095	250,776	101,965	460,528	515,239	(65,655)	458,907	863,838
Total district net assets	<u>\$ 22,125,248</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>	<u>\$ 21,500,980</u>

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

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30, 2012								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 6,604,687
Special education	625,455	898,212	889,017	1,001,666	1,087,182	1,070,650	1,109,908	1,066,985	1,052,321
Other special education	460,043	585,220	640,527	575,558	676,435	765,422	632,289	640,079	762,249
Other instruction	37,770	70,294	67,195	54,761	65,585	84,073	59,641	18,750	37,754
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	8,673,153
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	1,547,684
General administrative services	334,867	425,860	349,925	352,068	385,097	392,703	363,384	381,716	231,879
School administrative services	357,648	513,430	511,800	554,852	572,322	574,987	653,213	641,191	695,141
Business administrative services	152,867	300,043	260,509	295,347	343,352	430,667	324,404	316,074	1,342,145
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	1,084,316
Pupil transportation	706,139	861,008	892,948	1,320,246	1,014,522	1,047,747	1,150,622	1,056,253	338,697
Capital Outlay				108,269	-	-	-	160,965	28,873
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>	<u>22,398,899</u>
Business-type activities:									
After School Program	-	5,498	10,421	7,136	10,304	9,661	10,352	26,289	29,866
Food service	341,645	330,878	392,496	422,036	433,005	490,731	576,278	565,632	612,985
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>	<u>642,851</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>	<u>\$ 23,041,750</u>

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

	2004	2005	2006	2007	Fiscal Year Ending June 30, 2012		2010	2011	2012
					2008	2009			
Program Revenues									
Governmental activities:									
Charges for services					\$ 193,637	\$ 239,579	\$ 257,260	\$ 320,471	\$ 306,962
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	1,129,059
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>	<u>1,436,021</u>
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	15,297
Food service	153,056	155,169	167,885	159,739	146,626	145,212	195,768	179,346	176,239
Operating grants and contributions	192,362	220,070	238,993	254,019	269,867	304,621	381,749	314,391	340,762
Total business type activities program revenues	<u>345,418</u>	<u>381,625</u>	<u>420,925</u>	<u>430,817</u>	<u>437,466</u>	<u>464,295</u>	<u>595,227</u>	<u>516,453</u>	<u>532,298</u>
Total district program revenues	<u><u>1,132,533</u></u>	<u><u>3,146,235</u></u>	<u><u>3,707,312</u></u>	<u><u>4,224,151</u></u>	<u><u>3,067,250</u></u>	<u><u>2,440,886</u></u>	<u><u>2,415,507</u></u>	<u><u>2,149,855</u></u>	<u><u>1,968,319</u></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)	(20,962,878)
Business-type activities	3,773	45,249	18,008	1,645	(5,843)	(36,097)	8,597	(75,468)	(110,553)
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>	<u>(21,073,431)</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	17,483,143
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	3,254,800
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	31,866
Unfunded pension obligation refinanced by City	-	508,423							
Bond Proceeds							388,455	3,833,861	23,145
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>	<u>20,792,954</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>	<u>-</u>
Total district-wide	<u><u>15,427,574</u></u>	<u><u>15,128,507</u></u>	<u><u>15,806,584</u></u>	<u><u>17,403,000</u></u>	<u><u>18,254,794</u></u>	<u><u>19,196,930</u></u>	<u><u>20,215,187</u></u>	<u><u>23,833,186</u></u>	<u><u>20,792,954</u></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	(169,924)
Business-type activities	3,773	45,528	18,527	2,303	(5,253)	(35,439)	8,597	(75,468)	(110,553)
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>	<u>\$ (280,477)</u>

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

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30, 2012								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Restricted								\$ 391,946	\$ 1,082,431
Committed								259,599	280,115
Assigned								39,712	20,971
Unassigned								377,339	338,912
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>-</u>	<u>1,722,429</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)	(13,477)
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>	<u>\$ (13,477)</u>

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

Source: CAFR Schedule B-1

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Tax levy	\$ 11,973,299	\$ 12,816,519	\$ 13,974,618	\$ 15,597,115	\$ 15,193,897	\$ 15,755,683	\$ 16,686,417	\$ 17,142,480	\$ 17,483,143
Other Tuition						2,636		7,944	-
Transportation	192,544	194,736	195,810	202,611	193,637	236,943	257,260	312,527	306,962
Miscellaneous	38,246	69,338	138,719	104,111	87,308	77,664	61,223	592,306	31,866
State sources	3,198,611	3,359,456	3,450,602	3,842,131	4,075,140	3,758,745	3,316,074	2,899,897	3,310,916
Federal sources	811,989	944,366	1,375,955	1,458,014	1,328,337	1,341,192	1,326,038	1,094,212	1,072,943
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>	<u>22,049,366</u>	<u>22,205,830</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	5,744,215	5,277,796
Special education instruction	611,940	732,373	736,356	807,615	875,900	862,357	893,615	857,345	833,213
Other special instruction	450,102	477,169	530,536	464,057	544,977	616,511	509,073	514,316	603,538
Other instruction	36,954	57,316	55,657	44,153	52,840	67,716	48,019	15,066	29,893
Nonpublic school programs			98,559	77,099	87,442	83,719	55,778	18,919	-
Support Services:									
Instruction	4,226,018	4,883,645	6,680,454	6,461,214	6,070,143	5,806,072	6,769,492	6,897,300	6,867,285
Student & instruction related services	837,137	865,768	853,126	876,683	966,569	1,052,738	1,063,830	1,016,211	1,225,435
General administrative services	327,631	347,232	289,836	283,862	310,257	316,303	292,569	306,717	183,598
School Administrative services	349,919	418,634	423,914	447,362	461,097	463,124	525,919	514,490	551,125
Business administrative services	149,564	244,645	209,135	236,392	276,624	346,882	261,186	253,972	1,062,692
Plant operations and maintenance	863,725	870,181	1,016,455	1,114,646	1,104,109	1,161,554	1,139,793	1,073,398	858,547
Pupil transportation	690,880	777,842	833,197	1,177,437	886,683	901,782	1,112,945	848,721	268,176
Unallocated employee benefits	2,601,577	2,671,270	2,809,704	3,318,038	3,532,157	3,442,848	3,542,686	3,845,234	3,749,443
Charter Schools	36,904								
Capital outlay	315,819	140,635	269,277	227,033	115,052	299,641	656,612	4,007,701	122,079
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>	<u>25,913,605</u>	<u>21,632,820</u>
Excess (Deficiency) of revenues over (under) expenditures	(387,582)	(127,683)	(813,052)	150,636	124,257	47,633	(1,170,376)	(3,864,239)	573,010
Other Financing sources (uses)									
Capital leases (non-budgeted)	96,875	99,000	233,696	144,593		111,493	156,325	124,887	64,061
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	3,833,861	23,145
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>	<u>3,958,748</u>	<u>87,206</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>	<u>\$ 94,509</u>	<u>\$ 660,216</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	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 nine years of information is presented.

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
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
2012	9,176		306,962	43,445	359,583

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)
2003	32,535,495	1,185,949,505	-	-	64,412,043	1,559,030	11,068,620	1,295,524,693	-	2,986,172	1,298,510,865	0.926	1,121,434,010
2004	30,914,500	1,177,528,200	-	-	62,938,500	1,559,100	10,544,500	1,283,484,800	-	2,609,362	1,286,094,162	1.032	1,418,389,828
2005	31,118,500	1,180,867,300	-	-	62,948,500	1,559,100	10,544,500	1,287,037,900	-	2,070,375	1,289,108,275	1.143	1,764,141,613
2006	68,747,400	2,574,209,800	-	-	98,112,600	2,494,400	17,140,500	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	39,833,900	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
2012	38,194,100	2,437,719,950	-	-	84,926,100	1,604,100	15,426,700	2,577,870,950	-	2,575,478	2,580,446,428	0.733	2,627,150,899

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

N: 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
	General			City of Ventnor	Atlantic County	
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct			
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
2012	0.677	0.056	0.733	0.768	0.379	1.880

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	2012			2002		
	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	
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%	-
2012	17,483,143	17,483,143	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			
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
2012	12,163,000		117,641			12,280,641	2.533%	1,154

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2012	12,163,000		12,163,000	0.47%	1,143

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, 2012
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	\$ 14,634,202	100.00%	\$ 14,634,202
Other debt			
Atlantic County (5.450%) as of December 31, 2011	131,518,545	5.450%	<u>7,167,761</u>
Subtotal, overlapping debt			21,801,963
CITY OF VENTNOR School District Direct Debt			<u>12,163,000</u>
Total direct and overlapping debt			<u><u>\$ 33,964,963</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis	
	2011	\$ 2,657,262,963
	2010	2,739,910,415
	2009	2,799,403,461
	[A]	<u>8,196,576,839</u>
Average equalized valuation of taxable property	[A/3]	2,732,192,280
Debt limit (3 % of average equalization value)	[B]	81,965,768 ^a
Net bonded school debt	[C]	<u>12,163,000</u>
Legal debt margin	[B-C]	<u>\$ 69,802,768</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 36,098,957	\$ 43,337,684	\$ 53,239,056	\$ 65,901,185	\$ 77,274,972	\$ 85,619,614	\$ 86,684,198	\$ 85,166,383	\$ 81,965,768
Total net debt applicable to limit	<u>16,357,000</u>	<u>16,481,000</u>	<u>15,391,000</u>	<u>14,341,000</u>	<u>13,211,000</u>	<u>12,076,000</u>	<u>11,025,000</u>	<u>13,173,000</u>	<u>12,163,000</u>
Legal debt margin	<u>\$ 19,741,957</u>	<u>\$ 26,856,684</u>	<u>\$ 37,848,056</u>	<u>\$ 51,560,185</u>	<u>\$ 64,063,972</u>	<u>\$ 73,543,614</u>	<u>\$ 75,659,198</u>	<u>\$ 71,993,383</u>	<u>\$ 69,802,768</u>
Total net debt applicable to the limit as a percentage of debt limit	45.31%	38.03%	28.91%	21.76%	17.10%	14.10%	12.72%	15.47%	14.84%

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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%
2012	10,641	422,937	39,746	13.00%

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, July 1, 2011

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

**CITY OF VENTNOR SCHOOL DISTRICT
Principal Employers,
Current Year and Ten Years Ago
*Unaudited***

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
		1	-			0.00%
		2	-			0.00%
		3	-			0.00%
		4	-			0.00%
		5	-			0.00%
		6	-			0.00%
		7	-			0.00%
		8	-			0.00%
		9	-			0.00%
		10	-			0.00%
						0.00%
						0.00%
	<u>-</u>		<u>-</u>	<u>-</u>		<u>-</u>

GASB requires this table to present the principal employers for the current year and ten years ago, however the information was not available.

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

Function/Program	2006	2007	2008	2009	2010	2011	2012
Instruction							
Regular	70.0	65.0	72.5	66.0	61.0	59.5	59.0
Special education	11.0	10.0	10.0	15.5	10.5	9.5	15.5
Other special education	11.5	9.5	10.0	11.5	12.0	10.0	5.5
Other instruction	2.0	2.0	2.0	2.0	2.0	2.5	2.0
Support Services:							
Student & instruction related services	22.5	15.5	11.5	15.5	23.5	24.5	19.0
General administrative services	4.0	3.0	4.0	2.5	2.0	2.0	2.0
School administrative services	6.0	7.0	4.5	7.0	7.0	8.0	7.0
Business administrative services	3.0	4.5	5.0	5.5	5.5	3.5	3.5
Plant operations and maintenance	2.5	2.5	2.5	2.5	3.5	3.0	4.0
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	7.5
Child Care	1.0	-	-	0.5	0.5	0.5	0.5
Total	151	135.5	138.5	144.0	146.5	130.5	125.5

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	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary/ Middle School				
2003	1,129	\$ 14,106,595	\$ 12,495	3.36%	103	11:1	1,151	1,086	4.35%	94.35%
2004	1,129	16,296,003	14,434	15.52%	103	11:1	1,125	1,067	-2.26%	94.84%
2005	1,049	17,386,163	16,574	14.83%	107	10:1	1,068	1,012	-5.07%	94.76%
2006	1,005	19,948,756	19,850	19.76%	107	9:1	979	927	-8.33%	94.69%
2007	948	20,826,313	21,969	10.68%	102	9:1	947	898	-3.27%	94.83%
2008	948	20,639,010	21,771	-0.90%	102	9:1	936	887	-1.16%	94.76%
2009	943	20,825,589	22,084	1.44%	95	10:1	985	923	5.24%	93.71%
2010	990	21,905,904	22,127	0.19%	86	11:1	969	909	-1.62%	93.81%
2011	987	20,825,590	21,100	-4.64%	82	12:1	949	896	-2.06%	94.42%
2012	905	21,510,741	23,769	12.65%	77	12:1	893	851	-5.90%	95.30%

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>										
<u>Ventnor Educational Community Complex (1969)</u>										
Square Feet	107,357	152,357	152,357	152,357	152,357	152,357	152,357	152,357	152,357	152,357
Capacity (students)	743	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063
Enrollment	1,129	1,129	1,049	1,005	948	948	943	990	987	905

Number of Schools at June 30, 2012
 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 Ten Years
Unaudited

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

<u>School Facilities</u>	<u>Project # (s)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
City of Ventnor School	N/A	\$161,065	\$150,140	\$186,361	\$240,991	\$259,805	\$237,369	\$210,710	\$212,511	\$183,664	\$144,288
Total School Facilities		<u>161,065</u>	<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><u>\$161,065</u></u>	<u><u>\$150,140</u></u>	<u><u>\$186,361</u></u>	<u><u>\$240,991</u></u>	<u><u>\$259,805</u></u>	<u><u>\$237,369</u></u>	<u><u>\$210,710</u></u>	<u><u>\$212,511</u></u>	<u><u>\$183,664</u></u>	<u><u>\$144,288</u></u>

CITY OF VENTNOR SCHOOL DISTRICT

Insurance Schedule

June 30, 2012

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

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, 2012, and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements 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. According, we do not express an opinion on the effectiveness of the City of Ventnor School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. 2012-1.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency. 2012-2.

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 December 3, 2012

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

**Kenneth Moore, CPA
Licensed Public School Accountant
No. CS00499**

Ford, Scott & Associates, L.L.C.

**Ford, Scott & Associates, L.L.C.
Certified Public Accountants**

December 3, 2012

**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, 2012. 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, 2012.

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

**Kenneth Moore, CPA
Licensed Public School Accountant
No. CS00499**

Ford, Scott & Associates, L.L.C.

**Ford, Scott & Associates, L.L.C.
Certified Public Accountants**

December 3, 2012

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, 2012

K-3
Schedule A

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, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Adjustments	Balance at June 30, 2012		
											(Accounts Receivable)	Deferred Revenue	Due to Grantor
U. S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
Food Distribution Program	10.550	N/A	7/1/11 - 6/30/12	34,921			34,921	(34,921)					
National School Lunch Program	10.555	N/A	7/1/11 - 6/30/12	219,624			208,989	(219,624)			(10,635)		
School Breakfast Program	10.553	N/A	7/1/11 - 6/30/12	67,675			63,754	(67,675)			(3,921)		
School Snack Program	10.555	N/A	7/1/11 - 6/30/12	12,358			12,358	(12,358)			-		
Special Milk Program	10.556	N/A	7/1/11 - 6/30/12	1,064			1,005	(1,064)			(59)		
Total U.S. Department of Agriculture					-	-	321,027	(335,642)	-	-	(14,615)	-	
U.S. Department of Health and Human Services													
Passed-through State Department of Health and Human Services													
Medical Assistance	93.778	N/A	7/1/11 - 6/30/12	310			310	(310)			-		
Ed Jobs	84.410	N/A	7/1/11 - 6/30/12	84,724			84,724	(84,724)			-		
Total General Fund					-	-	85,034	(85,034)	-	-	-	-	
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
No Child Left Behind													
Title 1, Part A	84.010	NCLB302010	9/1/11 - 8/31/12	504,704			235,382	(403,271)			(167,889)	-	
Title 1, Part A Carryover	84.010	NCLB302009	9/1/10 - 8/31/11	493,250	(99,841)		181,628	(188,848)			(107,061)	-	
Title 1, Part A Carryover	84.010	NCLB302009	9/1/09 - 8/31/10	481,970	(11,381)		11,381	-			-	-	
ARRA - Title 1, Part A	84.389		9/1/10 - 8/31/11	242,316	(4,269)		10,143	(6,613)			(739)	-	
Title II, Part A, Teachers & Principals Training	84.367A	NCLB302010	9/1/11 - 8/31/12	52,367			35,062	(48,183)			(13,121)	-	
Title II, Part A, Teachers & Principals Training Carryover	84.367A	NCLB302010	9/1/10 - 8/31/11	52,367	(4,727)		4,727	(4,905)			(4,905)	-	
Title II, Part A, Teachers & Principals Training Carryover	84.367A	NCLB302009	9/1/09 - 8/31/10	60,502	(7,327)		5,652	-			(1,675)	-	
Title II, Part D, Enhancing Education Through Technology	84.318X	NCLB302010	9/1/11 - 8/31/12					-			-	-	
Title II, Part D, Enhancing Education Through Technology Carryover	84.318X	NCLB302010	9/1/10 - 8/31/11	1,351	(71)		1,351	(1,351)			(71)	-	
Title II, Part D, Enhancing Education Through Technology Carryover	84.318X	NCLB302009	9/1/09 - 8/31/10	3,831	(256)			-			(256)	-	
Title III, English Language Enhancement	84.365A	NCLB302010	9/1/11 - 8/31/12	46,205			30,546	(43,111)			(12,565)	-	
Title III, English Language Enhancement Carryover	84.365A	NCLB302010	9/1/10 - 8/31/11	30,546	(3,134)		6,432	-			-	3,298	
Title III, English Language Enhancement Carryover	84.365A	NCLB302009	9/1/09 - 8/31/10	31,797	(12,401)		5,546	(1,113)			(7,968)	-	
Title IV Safe & Drug Free Schools and Community Carryover	84.186	NCLB302010	9/1/08 - 8/31/09	7,071	(150)			-			(150)	-	
L.D.E.A. Part B - Basic	84.027	IDEA535010	9/1/11 - 8/31/12	302,717			261,726	(287,651)			(25,925)	-	
L.D.E.A. Part B - Basic Carryover	84.027	IDEA535009	9/1/10 - 8/31/11	306,005	6,360		11,398	-			-	17,758	
L.D.E.A. Part B - Basic Carryover	84.027	IDEA535009	9/1/09 - 8/31/10	304,915	(3,337)		8,685	(3,851)		(1,497)	-	-	
ARRA - L.D.E.A. Part B	84.391		9/1/09 - 8/31/10	353,635			9,088	(9,088)			-	-	
L.D.E.A. Part B - Preschool	84.173	IDEA535006	9/1/11 - 8/31/12	8,883			8,883	(8,143)			-	740	
L.D.E.A. Part B - Preschool Carryover	84.173	IDEA535006	9/1/10 - 8/31/11	705				-			-	-	
Twenty-First Century Community Learning Centers	84.287	06-EK05-H5	7/1/08 - 6/30/09	535,000	(1,497)			-		1,497	-	-	
Total Special Revenue Fund					(142,031)	-	827,630	(1,006,128)	-	-	(342,325)	21,796	
Total Federal Financial Awards					(142,031)	-	1,233,691	(1,426,804)	-	-	(356,940)	21,796	

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year ended June 30, 2012

K-4
Schedule B

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Adjustments/ Repayment of Prior Year's Balances	Balance at June 30, 2012			MEMO		
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue/ Interfund	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Categorical Transportation Aid	495-034-5120-014	7/1/11-6/30/12	325,321			325,321	(325,321)				21,163	325,321	
Categorical Special Education Aid	495-034-5120-089	7/1/11-6/30/12	656,432			656,432	(656,432)				42,702	656,432	
Categorical Security Aid	495-034-5120-084	7/1/11-6/30/12	340,941			340,941	(340,941)				22,179	340,941	
Adjustment Aid	495-034-5120-085	7/1/11-6/30/12	622,669			622,669	(622,669)				40,506	622,669	
HIB Grant		7/1/11-6/30/12	753			753	(753)					753	
Extraordinary Aid	100-034-5120-473	7/1/11-6/30/12	67,855				(67,855)	(67,855)				67,855	
Extraordinary Aid	100-034-5120-473	7/1/10-6/30/11	52,744	(52,744)		52,744						52,744	
Nonpublic Transportation Aid	N/A	7/1/11-6/30/12	12,876				(12,876)	(12,876)				12,876	
Nonpublic Transportation Aid	N/A	7/1/09-6/30/10	14,330	(14,330)		14,330						14,330	
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/11-6/30/12	531,620			437,371	(531,620)		(94,249)			531,620	
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/10-6/30/11	513,172	(25,746)		25,746						513,172	
Total General Fund				(92,820)	-	2,476,307	(2,558,467)	-	(174,980)	-	-	126,550	3,138,713
Special Revenue Fund:													
Preschool Education Aid	495-034-5120-086	7/1/11-6/30/12	134,767			134,767	(130,643)		4,124		13,477	130,643	
Preschool Education Aid	495-034-5120-086	7/1/10-6/30/11	198,604	185			-		185			198,419	
Preschool Education Aid	495-034-5120-086	7/1/09-6/30/10	199,051	3,215		3,215	(3,215)		-			199,051	
Preschool Education Aid	495-034-5120-086	7/1/08-6/30/09	199,051	909		909	(909)		-			199,051	
NJ Nonpublic Aid:													
Textbook Aid	100-034-5120-064	7/1/10-6/30/11	7,105		7,001					7,001		104	
Auxiliary Services:													
Compensatory Education	100-034-5120-067	7/1/10-6/30/11	15,908		10,884					10,884		5,024	
English as a Second Language	100-034-5120-067	7/1/10-6/30/11	2,370		23					23		2,347	
Handicapped Services:													
Corrective Speech	100-034-5120-066	7/1/10-6/30/11	4,694		3,129					3,129		4,694	
Examination and Classification	100-034-5120-066	7/1/09-6/30/10	8,405		8,405		(7,565)		840			-	
Corrective Speech	100-034-5120-066	7/1/09-6/30/10	6,277		6,277		(6,277)		-			6,277	
Nursing Services	100-034-5120-070	7/1/10-6/30/11	8,419		1,578		(1,578)		-			8,419	
Evening School for Foreign Born Residents	100-034-5062-026	7/1/07-6/30/08	2,000		713				713			1,287	
Evening School for Foreign Born Residents	100-034-5062-026	7/1/06-6/30/07	1,719		6				6			1,713	
Total Special Revenue Fund				4,309	38,016	138,891	(134,767)	(15,420)	-	4,309	22,596	13,477	757,029
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	100-010-3350-023	7/1/11-6/30/12	5,117			4,870	(5,117)		(247)			5,117	
Total Enterprise Fund				-	-	4,870	(5,117)	-	(247)	-	-	-	5,117
Total State Financial Assistance				(88,511)	38,016	2,620,068	(2,698,351)	(15,420)	(175,227)	4,309	22,596	140,027	3,900,859

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

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:

	<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	\$ 2,558,467	134,767	5,117	2,698,351
Difference – budget to “GAAP”				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	83,075	19,860		102,935
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(126,550)	(13,477)		(140,027)
On behalf payments recognized for GAAP purposes but not included in the Schedule of Expenditures of State Financial Assistance	<u>654,774</u>			<u>654,774</u>
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 3,169,766</u>	<u>141,150</u>	<u>5,117</u>	<u>3,316,033</u>

	<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	\$ 85,034	1,006,128	335,642	1,426,804
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(18,219)		(18,219)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 85,034</u>	<u>987,909</u>	<u>335,642</u>	<u>1,408,585</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, 2012. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**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, 2012**

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?	<u> X </u>	yes	<u> </u> no
• Significant deficiency(ies) identified?	<u> X </u>	yes	<u> </u> no
Noncompliance material to financial statements noted?	<u> </u>	yes	<u> X </u> no

Federal Awards

Internal Control over major programs:			
• Material weakness(es) identified?	<u> </u>	yes	<u> X </u> no
• Significant deficiency(ies) identified?	<u> </u>	yes	<u> X </u> none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	<u> </u>	yes	<u> X </u>	no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010/84.389	Title I/Title I ARRA

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

Auditee qualified as low-risk auditee?	<u> X </u>	yes	<u> </u>	no
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**CITY OF VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING JUNE 30, 2012**

Part 2 – Schedule of Financial Statement Findings

Finding 2012-1:

Criteria:

The general ledger must be reconciled to the detail accounting records on a monthly basis.

Condition:

The general ledger was not in agreement with the detail accounting records and had not been reconciled for several months.

Context:

Several material audit journal entries were required to bring all accounts in every fund to the appropriate balances as of June 30th.

Cause:

The actual activity in each fund was not properly recorded in the financial accounting system, therefore, the general ledger did not reflect the correct balances.

Effect:

The Board was unaware of the actual balances and therefore could not make informed financial decisions for the District.

Recommendation:

The activity in each fund should be properly recorded, and the general ledger should be reconciled to the supporting accounting records on a monthly basis.

Management Response:

The general ledger will be reconciled on a monthly basis.

Finding 2012-2:

Criteria:

The Board Secretary's report is to be provided to the Board for approval on a monthly basis.

Condition:

The Board Secretary's report was not presented to the Board for approval for several months during the year.

Context:

Board Secretary reports were not provided to the Board subsequent to the January 31, 2012 report, which was approved at the March 2012 meeting.

Cause:

The general ledger was not reconciled on a monthly basis, therefore the Board Secretary's reports could not be properly prepared.

Effect:

The Board was unaware of the actual balances and therefore could not make informed financial decisions for the District.

Recommendation:

The Board Secretary's report should be presented to the Board on a monthly basis to ensure that accurate financial data is available.

Management Response:

The Board Secretary's report will be approved on a monthly basis.

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

None

Status of Prior Year Findings

None