

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, 2016

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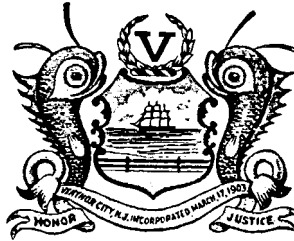
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Introductory Section

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Ventnor Educational Community Complex

Superintendent
EILEEN JOHNSON
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Business Administrator/Board Secretary
TERRI NOWOTNY
(609) 487-7900 Ext 5130



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Ventnor City, New Jersey 08406
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November 28, 2016

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 Uniform Guidance and the New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section 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 Spanish, 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 a pre-school Headstart program provided by an outside agency. The district completed the 2015-2016 fiscal year with an enrollment of 7538 students. The following details the changes in the student enrollment of the district over the last six years:

<u>Year</u>	<u>Enrollment</u>
2015 - 2016	753
2014 - 2015	778
2013 - 2014	817
2012 - 2013	872
2011 - 2012	905
2010 - 2011	936

2) ECONOMIC CONDITION AND OUTLOOK: The Ventnor City Public School District is located in a downbeach community whose children, in grades PK through eight, constitute the student population of the District. Ventnor is immediately adjacent to Atlantic City and Margate City, 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 multimillion dollar renovation projects were completed over the summer of 2010 and in 2015. 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. The 2015 project included replacement of the emergency generator, boiler, gym HVAC and a section of the roof.

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 257 regular education and for 21 special education students to the high school during the 2015-16 school year at a tuition rate of \$20,196 and average \$33,884 per student respectively. A number of additional resident students attend local parochial and public schools including Ocean City and Mainland Regional 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 2016-2017 school year, the district will operate with a budget of \$21,976,281. The district's management team consists of a superintendent, business administrator/board secretary, an elementary school principal and a middle school principal, a supervisor of special services and an NCLB coordinator. The staff team employed by the district consists of 78 full or part-time certified instructional staff, 4 secretaries, 6 clerk typists, 12 full time support staff, and 26 part-time support personnel. The Child Study Team consists of a school social worker, a learning disabilities teacher consultant, a school psychologist, two speech therapists and an occupational therapist.

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 [STEM lab], up to date curricula (common core), technology programs, language arts, world language programs, gifted and talented programs, and a county recognized music program. 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 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 established a four-phase building program based on enrollment growth at that time.

Phase I, completed in 1996, included the renovations of existing space into classrooms and Phase II included a 16,000 square foot addition of eight full-sized classrooms, four small group instruction classrooms, a computer lab, computer network infrastructure and

a media center. Phase III added 16 classrooms including the Early Childhood Center, a new gymnasium, reading room, child study team offices, board office area, music classrooms (instrumental and vocal), renovated kitchen/cafeteria and additional parking. 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 62.0% in October 2016. Our ESL (English as a Second Language) Program assists 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 Ventnor Board of Education and Superintendent have established the following goals in an effort to meet the needs of the children of the Ventnor School Community and the Ventnor Community at-large. The Superintendent, in cooperation with the Board of Education, and the Administrative Team, will **Ensure Fiscal Responsibility** via conservative spending, generating revenue, and creatively cutting costs. The Superintendent, in cooperation with the Board of Education, and the Administrative Team, will **Increase Test Scores** as a result of strengthening curriculum, obtaining additional resources for areas of weakness, providing professional development for staff, and increasing attendance. The Superintendent, in cooperation with the Board of Education, and the Administrative Team, will **Foster Community Involvement/Communication** as we modernize website, collaborate with families and community members, establish partnerships with area businesses and institutions, and provide incentives for teachers to become more involved. The Superintendent, in cooperation with the Board of Education, and the Administrative team will **Foster Staff Empowerment** as we encourage teachers to go above and beyond their classroom walls to follow their passions, to bring special events and grants into the district, engage in professional dialogue; as administrators provide guidance to staff in order to support and recognize new initiatives.

The district curricula review and revision supports the correlation to the New Jersey Common 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. A majority of classrooms have computers or access computers from mobile carts and 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 New Jersey Student Learning Standards.

During the 2015-2016 school year, the district instituted a pilot program consisting of 12 teacher 2-in-1 tablets providing the teachers with a mobile computer. The pilot met the needs the district and the program moved from pilot to initiative for the current school year. The 2-in-1 tablets were deployed for all instructional teachers in the district. The tablets maintain connectivity to existing equipment using docking station and are mobile when the need requires. The teachers utilize the TV hookups using the docking station as well as mobile using WiDi devices. Personnel staff computers were replaced with All-in-One touchscreen computers. The district also incorporated the Windows 10 Operating System and Office 2016 on all computers except where legacy software still needed to be maintained. A 1-to-1 initiative was started in the 5th and 6th grade. The students were provided with Dell touchscreen laptops that are assigned to them at all times. The goal for the upcoming year is to introduce the 7th and 8th grade as well. There has been positive feedback from the teachers as well as the students in regards to the 1-to-1 program. The district continues to utilize the Office 365 cloud suite provided by Microsoft. The 3rd and 4th grade students were added to the suite this year. It is the intention for all students and staff in grades 3-8 to use OneNote as well as have capability to digitally correspond. Training was provided for many Office 365 programs being used in the district. Office 365 can be accessed from any smart device connected to the Internet. In addition, the office 365 can be downloaded at no cost to students and staff on up to five devices for personal use. This allows maximum usage both in district and at home. The teachers will be able to collaborate with the students as needed. This solution is provided at no cost to the district. The district will maintain service contracts and replace legacy equipment. The district will work with vendors and e-rate funding reducing cost to the district. Additional security cameras in key areas were discussed and should be introduced throughout the building and outside. The district continues to be on the forefront of technology and exposure to latest educational resources.

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, 2016.

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 Ford, Scott & Associates, 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,

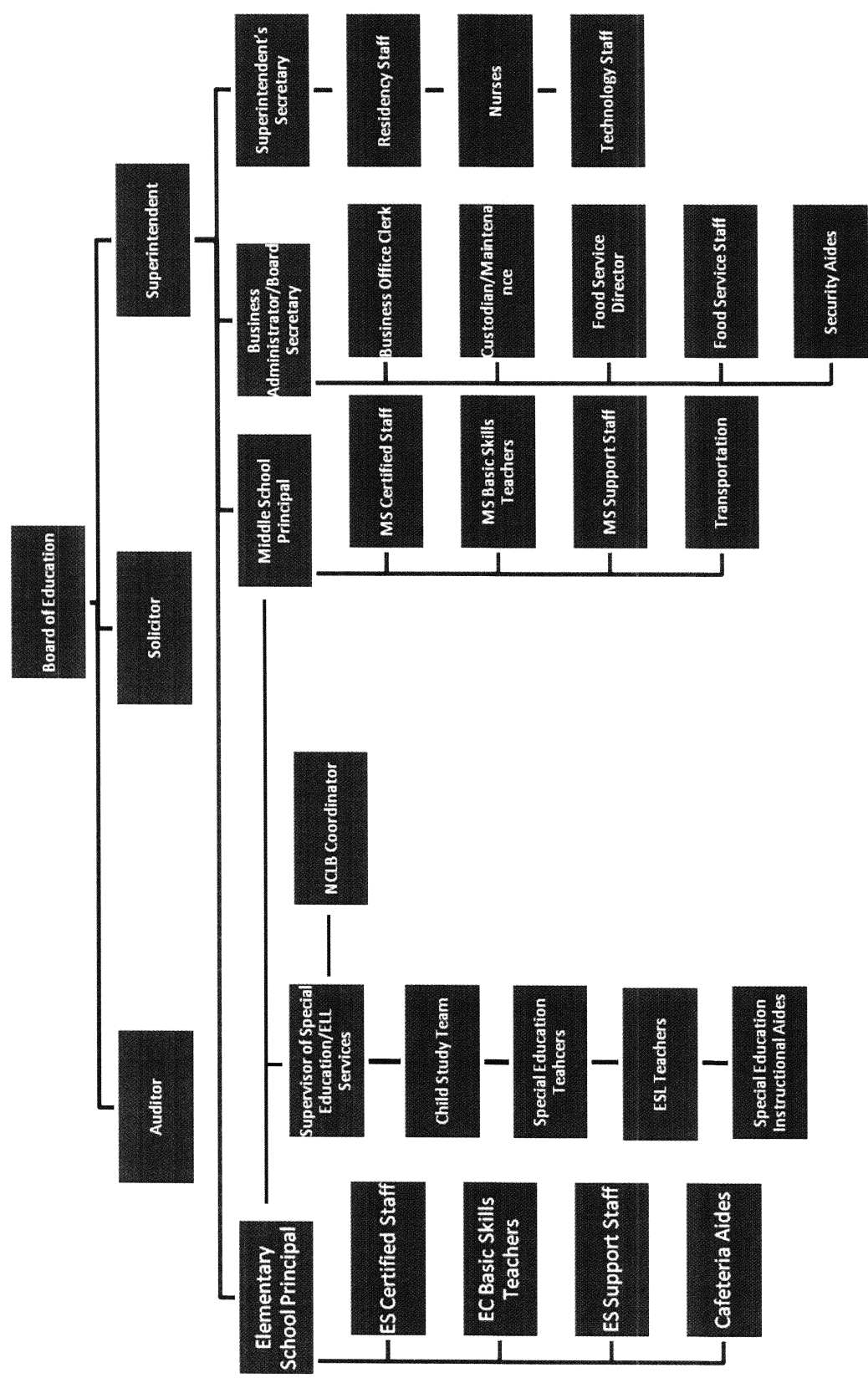
Eileen Johnson

Eileen Johnson
Superintendent

Terri Nowotny

Terri Nowotny
Board Secretary/ Business Administrator

VENTNOR BOARD OF EDUCATION
Ventnor, New Jersey



CITY OF VENTNOR BOARD OF EDUCATION

**Roster of Officials
June 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James Pacanowski II, President	2019
Nelson Morgan, Vice President	2018
Albert Battaglia, Jr.	2017
Douglas Biagi	2018
Kimberly Bassford	2017
Angela Ciliberti	2017
Brittany Czekai (effective 10/21/16)	2019
Spiro Sallata (effective 7/20/16 through 9/13/16)	

Other Officials

Eileen Johnson, Superintendent

Terri Nowotny, School Business Administrator/Board Secretary

Andrew Brown, 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
Ocean City, NJ 08226

Attorney

Andrew Brown, Esq.
Schwartz, Simon, Edelstein & Celso, LLC
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Whippany, NJ 07981

Official Depository

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Ventnor, NJ 08046

Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 is

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the City of Ventnor Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ventnor Board of Education's internal control over financial reporting and compliance.

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

Harvey C. Cocozza, Jr.
Harvey C. Cocozza, Jr.
Certified Public Accountant
Licensed Public School Accountant
No. 2420

November 28, 2016

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Required Supplemental Information
Part I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Ventnor School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. 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 position of the District increased \$230,405.83. The increase is due to an increase in federal and state aid and an increase in miscellaneous revenue.
- The State of New Jersey reimbursed the District \$482,855.61 during the fiscal year ended June 30, 2016 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 \$1,164,484.00 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, 2016, the District had excess fund balance in the amount of \$1,066,677, of which \$103,680 has been included in the 2016-2017 budget and the remaining \$962,997 will be included in the 2017-2018 budget.
- During the fiscal year ended June 30, 2016, the District's expenditures exceeded revenues by \$285,185.09. This was mainly a result of lease payments made with remaining Capital Project funding. During the prior fiscal year, expenditures exceeded revenues and special items by \$784,359.36.
- In the District's business-type activities, net assets increase \$54,364.52 due to revenues exceeding the costs of operation.

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 position Statement of changes in net position	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 position 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 changes in net position regardless of when cash is received or paid.

The two government-wide statements report the District’s *net position* and how they have changed. Net position – 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 position 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 position: The District's governmental activities net position increased \$230,405.83 between fiscal years 2015 and 2016. The business-type activities net assets increased \$54,364.52 due to revenues in excess of operating costs.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 3,937,166	4,533,504	96,017	41,961	4,033,183	4,575,465
Capital assets	19,445,578	19,659,281	20,179	20,370	19,465,757	19,679,651
Total assets	23,382,744	24,192,785	116,196	62,331	23,498,940	24,255,116
Long-term liabilities	4,587,564	5,109,485	-	-	4,587,564	5,109,485
Other liabilities	382,622	901,148	-	500	382,622	901,648
Total liabilities	4,970,186	6,010,633	-	500	4,970,186	6,011,133
Net position						
Invested in Capital Assets	18,685,560	17,943,708	20,179	20,370	18,705,739	17,964,078
Restricted	1,861,633	1,945,538	-	-	1,861,633	1,945,538
Unrestricted	(2,134,635)	(1,707,094)	96,017	41,461	(2,038,618)	(1,665,633)
Total net position	\$ 18,412,558	18,182,152	116,196	61,831	18,528,754	18,243,983

Changes in net position. The total general fund revenue of the District increased approximately \$193,184 due to an increase in federal and state aid. The local tax levy is 80.53% of total general fund revenues. The municipality levies this tax on properties located in the City and remits the collections on a monthly basis to the District.

Approximately 8.47% 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.

	2016		2015	
	2016 Amount	Percentage	2015 Amount	Percentage
Property taxes	\$ 17,819,977	69.16%	\$ 17,819,977	71.16%
Unrestricted Federal and State aid	2,182,846	8.47%	2,200,176	8.79%
Transportation	227,202	0.88%	281,848	1.13%
Tuition	37,531	0.15%	61,995	0.25%
Miscellaneous	214,473	0.83%	148,100	0.59%
Operating grants and contributions	5,285,034	20.51%	4,529,328	18.09%
Totals	\$ 25,767,063	100.00%	\$ 25,041,424	100.00%

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2016 and 2015 fiscal years.

	Governmental Activities		Business-type Activities		Totals	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program revenue						
Charges for services	\$ 264,732.56	\$ 343,843.43	165,910.50	160,923.22	430,643.06	504,766.65
Federal and state grants	5,285,034.41	4,529,328.18	299,033.86	286,156.55	5,584,068.27	4,815,484.73
General revenues						
Property taxes	17,819,977.00	17,819,976.96			17,819,977.00	17,819,976.96
State aid entitlements	2,182,846.29	2,200,176.35			2,182,846.29	2,200,176.35
Miscellaneous	214,473.01	128,414.46			214,473.01	128,414.46
Total revenues	25,767,063.27	25,021,739.38	464,944.36	447,079.77	26,232,007.63	25,468,819.15
Expenses						
Instruction:						
Regular	6,997,953.83	7,218,411.93			6,997,953.83	7,218,411.93
Special Education	1,089,960.91	1,036,021.59			1,089,960.91	1,036,021.59
Other special instruction	455,858.59	628,314.79			455,858.59	628,314.79
Other Instruction	80,320.40	63,049.01			80,320.40	63,049.01
Support services:						
Instruction	9,228,864.26	8,845,366.99			9,228,864.26	8,845,366.99
Student & instruction	1,985,604.62	1,893,599.57			1,985,604.62	1,893,599.57
School admin services	666,410.38	608,715.24			666,410.38	608,715.24
General admin services	537,651.73	409,094.65			537,651.73	409,094.65
Plant operations/maint	1,592,591.32	1,621,136.48			1,592,591.32	1,621,136.48
Pupil transportation	1,356,977.97	1,268,367.74			1,356,977.97	1,268,367.74
Business and other support services	404,650.49	385,651.81			404,650.49	385,651.81
Capital outlay	496,508.38	529,607.39			496,508.38	
Business-type activities			387,267.74	413,529.19	387,267.74	413,529.19
Total expenses	24,893,352.88	24,507,337.19	387,267.74	413,529.19	25,280,620.62	24,391,258.99
Excess (Deficiency) before Extraordinary and Special items	873,710.39	514,402.19	77,676.62	33,550.58	951,387.01	547,952.77
Transfers		19,685.81		30,314.19	-	50,000.00
Cancellation of PY Receivable	(127,920.61)		(23,312.10)		(151,232.71)	-
Close Out Capital Projects	(527,873.58)				(527,873.58)	-
Cancellation of PY	12,489.63				12,489.63	-
Increase (decrease) in net position	230,405.83	534,088.00	54,364.52	63,864.77	284,770.35	597,952.77

Business-type Activities

Operating revenues of the District's business-type activities increased by \$17,864.59 over the previous year and expenditures decreased by \$26,261.45.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$3,033,541.09 which is \$285,185.09 lower than the beginning of the year. This is mainly a result of the district completing their approved capital projects.

General Fund Budgetary Highlights

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

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue was more than the budget by \$197,518.12. This is a result of miscellaneous revenue and extraordinary aid. Again, after adjusting for the Reimbursed TPAF Social Security Contribution, on-behalf TPAF Pension Contributions, actual expenditures were \$1,681,121.15 less than the budgeted appropriations. This is result of lower maintenance costs and benefits costs.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the District had invested over \$19 million, net of depreciation, in a broad range of capital assets, including land, buildings and equipment. Refer to Note 4 for more detailed information.

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 100,000	\$ 100,000			100,000	100,000
Construction in progress	-	1,765,937			-	1,765,937
Buildings and Improvements	19,067,035	17,500,984			19,067,035	17,500,984
Equipment	278,543	292,360	20,180	20,370	298,723	312,730
Total	\$ 19,445,578	19,659,281	20,180	20,370	19,465,758	19,679,651

Long-term Debt

The District's debt consisted of capital leases for land and technology equipment in the amount \$745,380.82. The District is Type I and all other school debt is held by the City.

	Balance <u>June 30, 2015</u>	Issued	Retired/ Adjusted	Balance <u>June 30, 2016</u>
Obligations under Capital Leases	\$ 1,694,547.77		949,166.95	745,380.82
Compensated Absences Payable	286,091.58	9,281.76	48,939.84	246,433.50
Net Pension Liability	3,128,845.00	466,905.00		3,595,750.00
Total	\$ 5,109,484.35	476,186.76	998,106.79	4,587,564.32

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, 2016

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DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-type funds as of June 30, 2016

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,233,271.11	78,146.47	1,311,417.58
Receivables, net		5,274.15	5,274.15
Due from other governments	1,931,416.36	14,398.58	1,945,814.94
Internal Funds	6,997.10	(6,997.10)	(0.00)
Other receivables	60,968.00		60,968.00
Inventory	-	5,194.81	5,194.81
Capital assets not being depreciated:			
Land	100,000.00	-	100,000.00
Capital assets, net of accumulated depreciation	<u>19,345,578.00</u>	<u>20,179.00</u>	<u>19,365,757.00</u>
Total Assets	<u>22,678,230.57</u>	<u>116,195.91</u>	<u>22,794,426.48</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>704,513.00</u>		<u>704,513.00</u>
Total Deferred Outflows of Resources	<u>704,513.00</u>	<u>-</u>	<u>704,513.00</u>
LIABILITIES			
Accounts payable	118,469.37	-	118,469.37
Accrued Interest Payable	15,564.79		15,564.79
Deferred Revenue	80,642.11		80,642.11
Noncurrent liabilities:			
Due within one year	422,163.14		422,163.14
Due beyond one year	569,651.18		569,651.18
Net Pension Liability	3,595,750.00		3,595,750.00
Total liabilities	<u>4,802,240.59</u>	<u>-</u>	<u>4,802,240.59</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>167,946.00</u>		<u>167,946.00</u>
NET POSITION			
Invested in Capital Assets, net of related debt	18,685,559.56	20,179.00	18,705,738.56
Restricted for:			
Other purposes	2,703,758.92		2,703,758.92
Unrestricted	(2,976,761.50)	96,016.91	(2,880,744.59)
Total Net Position	<u>\$ 18,412,556.98</u>	<u>116,195.91</u>	<u>18,528,752.89</u>

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Changes in Net Position
For the Year Ended June 30, 2016

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	\$ 5,753,070.64	1,244,883.19	37,530.69	2,118,081.69	(4,842,341.45)	(4,842,341.45)	
Special education	919,360.23	170,600.68		167,319.67	(922,641.24)	(922,641.24)	
Other special instruction	384,507.60	71,350.99		69,978.76	(385,879.83)	(385,879.83)	
Other instruction	67,748.65	12,571.75		12,329.97	(67,990.43)	(67,990.43)	
Support services:							
Instruction	7,784,362.44	1,444,501.82		1,461,697.26	(7,767,167.00)	(7,767,167.00)	
Student and Instruction Related Services	1,674,817.79	310,786.83		304,809.75	(1,680,794.87)	(1,680,794.87)	
General Administration	453,498.48	84,153.25		82,534.80	(455,116.93)	(455,116.93)	
School Administration	562,103.83	104,306.55		102,300.52	(564,109.86)	(564,109.86)	
Operations and Maintenance	1,343,318.93	249,272.39		244,478.37	(1,348,112.95)	(1,348,112.95)	
Student Transportation	1,144,583.78	212,394.19	227,201.87	208,309.40	(921,466.70)	(921,466.70)	
Business and Other Support Services	341,314.62	63,335.87		62,117.83	(342,532.66)	(342,532.66)	
Unallocated benefits	3,968,157.51	(3,968,157.51)			-	-	
Capital Outlay	496,508.38			451,076.39	(45,431.99)	(45,431.99)	
Total governmental activities	24,893,352.88	-	264,732.56	5,285,034.41	(19,343,585.91)	(19,343,585.91)	
Business-type activities:							
After school program	19,457.64		41,529.27		22,071.63	22,071.63	
Food Service	367,810.10		124,381.23	299,033.86	55,604.99	55,604.99	
Total business-type activities	387,267.74		165,910.50	299,033.86	77,676.62	77,676.62	
Total Primary Government	\$ 25,280,620.62		430,643.06	5,584,068.27	(19,343,585.91)	(19,265,909.29)	
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					17,819,977.00	17,819,977.00	
Federal and State Aid Not Restricted					2,182,846.29	2,182,846.29	
Miscellaneous Income					159,901.87	159,901.87	
Rents and Royalties					54,571.14	54,571.14	
Cancellation of Prior Year Receivable					(127,920.61)	(127,920.61)	
Close Out Capital Projects					(527,873.58)	(527,873.58)	
Cancellation of Prior Year Payables					12,489.63	12,489.63	
Total General Revenues, Special Items, Extraordinary Items, and Transfers					19,573,991.74	19,550,679.64	
Change in Net Position					230,405.83	284,770.35	
Net Position—beginning					18,182,151.15	18,243,982.54	
Net Position—ending					18,412,556.98	18,528,752.89	

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 1,127,507.67	105,763.44		1,233,271.11
Due from other funds	283,702.03		71.32	283,773.35
Receivables from other governments	1,611,073.39	320,342.97		1,931,416.36
Other Receivables	60,968.00			60,968.00
Total assets	<u>3,083,251.09</u>	<u>426,106.41</u>	<u>71.32</u>	<u>3,509,428.82</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	33,376.52	85,092.85		118,469.37
Due to other funds		276,776.25		276,776.25
Unearned revenue		80,642.11		80,642.11
Total liabilities	<u>33,376.52</u>	<u>442,511.21</u>	<u>-</u>	<u>475,887.73</u>
Fund Balances:				
Restricted for:				
Excess surplus	962,997.00			962,997.00
Excess surplus - designated for Subsequent year's expenditures	103,680.00			103,680.00
Capital Projects			71.32	71.32
Committed to:				
Maintenance Reserve	109,700.00			109,700.00
Capital Reserve	1,000,000.00			1,000,000.00
Assigned to:				
Designated for Subsequent Year's Expenditures	500,000.00			500,000.00
Encumbrances	27,381.92			27,381.92
Unreserved, reported in:				
General Fund	346,115.65			346,115.65
Special Revenue Fund		(16,404.80)		(16,404.80)
Total Fund balances	<u>3,049,874.57</u>	<u>(16,404.80)</u>	<u>71.32</u>	<u>3,033,541.09</u>
Total Liabilities and Fund Balances	<u>\$ 3,083,251.09</u>	<u>426,106.41</u>	<u>71.32</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$33,117,099, and the accumulated depreciation is \$13,671,521	\$ 19,445,578.00
Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(15,564.79)
Pension Liabilities Net of Deferred Outflows & Inflows	(3,059,183.00)
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.	(991,814.32)
Net assets of governmental activities	<u>\$ 18,412,556.98</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	17,819,977.00			17,819,977.00
Transportation	227,201.87			227,201.87
Tuition	37,530.69			37,530.69
Rents and Royalties	54,571.14			54,571.14
Miscellaneous	159,901.87			159,901.87
State sources	3,822,357.87	154,442.63	451,076.39	4,427,876.89
Federal sources	7,828.03	787,673.78		795,501.81
Total revenues	<u>22,129,368.47</u>	<u>942,116.41</u>	<u>451,076.39</u>	<u>23,522,561.27</u>
EXPENDITURES				
Current:				
Regular instruction	4,807,168.09	768,866.83		5,576,034.92
Special education instruction	764,148.27			764,148.27
Other special instruction	319,592.71			319,592.71
Other instruction	56,310.91			56,310.91
Support services and undistributed costs:				
Instruction	6,425,183.06	44,976.22		6,470,159.28
Student and Instruction Related Services	1,392,064.92			1,392,064.92
General Administration	376,936.13			376,936.13
School Administration	467,206.07			467,206.07
Operations and Maintenance	1,116,531.70			1,116,531.70
Student Transportation	951,348.23			951,348.23
Business and Other Support Services	283,691.77			283,691.77
Unallocated Benefits	3,835,813.89	132,343.62		3,968,157.51
Capital outlay	586,610.64	-	835,648.74	1,422,259.38
Total expenditures	<u>21,382,606.39</u>	<u>946,186.67</u>	<u>835,648.74</u>	<u>23,164,441.80</u>
Excess (Deficiency) of revenues over expenditures	<u>746,762.08</u>	<u>(4,070.26)</u>	<u>(384,572.35)</u>	<u>358,119.47</u>
OTHER FINANCING SOURCES (USES)				
Close out Capital Projects			(527,873.58)	(527,873.58)
Cancellation of Prior Year Receivables			(127,920.61)	(127,920.61)
Cancellation of Prior Year Payables	12,489.63			12,489.63
Total other financing sources and uses	<u>12,489.63</u>	<u>-</u>	<u>(655,794.19)</u>	<u>(643,304.56)</u>
Net change in fund balances	759,251.71	(4,070.26)	(1,040,366.54)	(285,185.09)
Fund balance—July 1	2,290,622.86	(12,334.54)	1,040,437.86	3,318,726.18
Fund balance—June 30	<u>3,049,874.57</u>	<u>(16,404.80)</u>	<u>71.32</u>	<u>3,033,541.09</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, 2016

Total net change in fund balances - governmental funds (from B-2) \$ (285,185.09)

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	(1,139,454.00)	
Loss on disposal of capital assets	-	
Capital outlays	<u>925,751.00</u>	(213,703.00)

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. 950,094.12

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. (-) 5,460.92

District pension contributions - PERS	137,713.00	
Cost of benefits earned net of employee contributions	<u>(402,705.00)</u>	(264,992.00)

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 (+). 38,730.88

Change in net assets of governmental activities 230,405.83

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities - Enterprise Funds		
	Food Service	After School Program (Non-major fund)	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 90.00	78,056.47	78,146.47
Accounts receivable			
State	201.96	-	201.96
Federal	14,196.62	-	14,196.62
Other	5,274.15	-	5,274.15
Inventories	5,194.81	-	5,194.81
	24,957.54	78,056.47	103,014.01
Total current assets			
Noncurrent assets:			
Furniture, machinery & equipment	160,693.00	-	160,693.00
Less accumulated depreciation	(140,514.00)	-	(140,514.00)
	20,179.00	-	20,179.00
Total noncurrent assets			
Total assets	45,136.54	78,056.47	123,193.01
LIABILITIES			
Current liabilities:			
Interfunds Payable	6,997.10	-	6,997.10
	6,997.10	-	6,997.10
Total liabilities			
NET POSITION			
Invested in capital assets net of accumulated depreciation	20,179.00	-	20,179.00
Unrestricted	17,960.44	78,056.47	96,016.91
	\$ 38,139.44	78,056.47	116,195.91
Total net position			

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund		
	Food Service	After School Program (Non-major fund)	Total
OPERATING REVENUES:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 34,911.65	-	34,911.65
Daily Sales - Non-Reimbursable Programs	88,113.07	-	88,113.07
Miscellaneous	1,356.51	-	1,356.51
After School Program Revenue	-	41,529.27	41,529.27
Total Operating Revenues	124,381.23	41,529.27	165,910.50
OPERATING EXPENSES:			
Salaries	151,784.53	17,939.75	169,724.28
Employee Benefits	33,164.74	1,506.37	34,671.11
Other Purchased Services	3,030.32	-	3,030.32
Cost of Sales	160,176.58	-	160,176.58
Depreciation	3,820.00	-	3,820.00
Other Costs	15,833.93	11.52	15,845.45
Total Operating Expenses	367,810.10	19,457.64	387,267.74
Operating income (loss)	(243,428.87)	22,071.63	(221,357.24)
NONOPERATING REVENUES:			
State sources:			
State School Lunch Program	3,983.20	-	3,983.20
Federal sources:			
National School Lunch Program	195,311.96	-	195,311.96
National School Breakfast Program	57,437.53	-	57,437.53
National School Snack Program	4,516.68	-	4,516.68
Healthy Hunger Free Kids Act	4,380.48	-	4,380.48
Special Milk Program	86.62	-	86.62
Food Distribution Program	33,317.39	-	33,317.39
Total Nonoperating Revenues	299,033.86	-	299,033.86
Net Income/(loss)	55,604.99	22,071.63	77,676.62
Cancellation of Prior Year Receivable	(23,312.10)	-	(23,312.10)
Net Position - July 1	5,846.55	55,984.84	61,831.39
Net Position - June 30	\$ 38,139.44	78,056.47	116,195.91

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

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, 2016

	Business-type Activities -		
	Enterprise Fund		
	Food Service	After School Program (Non-major fund)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 133,618.96	41,529.27	175,148.23
Cash payments to employees for services	(184,949.27)	(19,446.12)	(204,395.39)
Cash payments to suppliers for goods and services	(148,377.54)	(11.52)	(148,389.06)
Net cash provided/(used) by operating activities	<u>(199,707.85)</u>	<u>22,071.63</u>	<u>(177,636.22)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash received from state and federal reimbursements	271,281.50		271,281.50
Operating subsidies and transfers from other funds			-
Return of Interfund	(67,944.65)		(67,944.65)
Net cash provided by noncapital financing activities	<u>203,336.85</u>	<u>-</u>	<u>203,336.85</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of equipment	(3,629.00)		(3,629.00)
Net cash (used) by capital financing activities	<u>(3,629.00)</u>	<u>-</u>	<u>(3,629.00)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	0.00	22,071.63	22,071.63
Cash and Cash Equivalents, July 1	90.00	55,984.84	56,074.84
Cash and Cash Equivalents, June 30	<u>90.00</u>	<u>78,056.47</u>	<u>78,146.47</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income/(Loss)	(243,428.87)	22,071.63	(221,357.24)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash			
provided by (used for) Operating Activities:			
Depreciation	3,820.00		3,820.00
Federal Commodities	33,317.39		33,317.39
Change in assets and liabilities:			
(Increase) in accounts receivable	9,237.73	-	9,237.73
Decrease in inventory	(2,154.33)		(2,154.33)
(Decrease) in accounts payable	(499.77)		(499.77)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (199,707.85)</u>	<u>22,071.63</u>	<u>(177,636.22)</u>

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 56,334.96
	<hr/>
Total assets	<u>56,334.96</u>
LIABILITIES	
Payable to student groups	28,936.76
Payroll deductions and withholdings	27,398.20
	<hr/>
Total liabilities	<u><u>\$ 56,334.96</u></u>

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

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). 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, 2016 of 753 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 Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

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 position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. 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 nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria is applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds. As a Type I School District all debt is borne by the municipality rather than the school district.

Fund Balances – Governmental Funds

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.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016

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

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

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

2. Proprietary Funds:

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

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

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

All fund internal activity is eliminated when carried to 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.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016

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 as a reserve to pay future debt service or transferred to the 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, 2016, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 4,900.53
Supplies	294.28
Total	<u>\$ 5,194.81</u>

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2016 is \$3,843.86.

4. Capital:

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

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016**

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

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

7. Compensated absences:

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

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

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

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016**

8. Interfund Activity:

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

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and are approved by the board of school estimates. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. The following are the major transfers made during the year.

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016

	<u>To</u>	<u>From</u>
Salaries of Teachers		
Preschool		(31,748.70)
Kindergarten	148,531.80	
Grades 1-5	32,589.93	
Grades 6-8	123,112.37	
Regular Programs - Textbooks		(34,762.01)
Basic Skills - Salaries of Teachers		(30,121.87)
Bilingual Education - Salaries of Teachers		(84,859.92)
Tuition to Other LEAs within State - Special	33,131.84	
Tuition to CSSD & Regional Day Schools		(172,691.48)
Tuition to Private Schools for the Disabled		(72,028.89)
Health Services - Salaries	31,413.85	
Other Support Services - Extra Services		
Salaries		(33,292.00)
Purchased Professional Educational Svcs	74,140.54	
Support Services - General Admin		
Legal Services	21,214.00	
Communications/Telephone	25,459.88	
Unallocated Benefits		
Health Benefits		(28,663.04)
Other Employee Benefits	28,663.04	

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.

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016**

10. Encumbrances

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

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

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

11. Tuition Payable

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

12. Use of Estimates

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

13. Allocation of Costs

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

14. Pensions

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

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F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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

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

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

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

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

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

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

NOTE 2. INVESTMENTS

As of June 30, 2016, 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, 2016, \$0 of the District's bank balance of \$2,783,797.58 was exposed to custodial credit risk.

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NOTE 4. FIXED ASSETS

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

	Balance June 30, 2015	Additions	Disposals	Balance June 30, 2016
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 100,000			\$ 100,000
Construction in Progress	1,765,937		(1,765,937)	-
Total capital assets not being depreciated	<u>1,865,937</u>	-	<u>(1,765,937)</u>	<u>100,000</u>
Bldg and bldg improve	29,709,058	2,620,376		32,329,434
Machinery & equipment	637,547	71,312	(21,194)	687,665
Total at historical cost	<u>30,346,605</u>	<u>2,691,688</u>	<u>(21,194)</u>	<u>33,017,099</u>
Less accum depr for:				
Bldg and improve	(12,208,074)	(1,054,325)		(13,262,399)
Equipment	(345,187)	(85,129)	21,194	(409,122)
Total accum deprec	<u>(12,553,261)</u>	<u>(1,139,454)</u>	<u>21,194</u>	<u>(13,671,521)</u>
Total capital assets being depr, net of accum depr	<u>17,793,344</u>	<u>1,552,234</u>	-	<u>19,345,578</u>
Governmental activities capital assets, net	<u>\$ 19,659,281</u>	<u>\$ 1,552,234</u>	<u>\$ (1,765,937)</u>	<u>\$ 19,445,578</u>
Business-type activities:				
Equipment	\$ 160,611	\$ 3,629	\$ (3,547)	\$ 160,693
Less accum depr for:				
Equipment	(140,241)	(3,819)	3,547	(140,513)
Business-type activities capital assets, net	<u>\$ 20,370</u>	<u>\$ (190)</u>	<u>\$ -</u>	<u>\$ 20,180</u>

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Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 357,467.44
Special education	48,987.88
Other special instruction	20,488.39
Other instruction	3,609.97
Instruction	414,787.81
Student & instruction related services	89,242.25
School administrative expenses	29,951.56
General and business administration	24,164.55
Plant operations and maintenance	71,578.41
Pupil Transportation	60,988.86
Business and other Support Services	18,186.88
	\$ 1,139,454.00

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Issued	Retired	Balance June 30, 2016	Amounts Due Within One Year
Obligations under Capital Leases	\$ 1,694,547.77		950,094.12	744,453.65	422,163.14
Compensated Absences Payable	286,091.58	9,281.76	48,012.67	247,360.67	
Net Pension Liability	3,128,845.00	466,905.00		3,595,750.00	
	\$ 5,109,484.35	476,186.76	998,106.79	4,587,564.32	422,163.14

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 \$64,061 under capital leases. The lease is for a term of five years and includes interest at a rate of 5.09% per annum.

The district entered into a Land Lease on June 27, 2014 for \$2,100,000.00. The lease is for a term of five years and includes interest at a rate of 1.6114%. The proceeds will be used as the Districts share of the ROD grants.

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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, 2016.

Year Ended June 30,	Principal	Interest	Total
2017	422,163.14	17,398.60	439,561.74
2018	322,290.51	4,962.84	327,253.35
Total	<u>744,453.65</u>	<u>22,361.44</u>	<u>766,815.09</u>

In December 2010 and September 2011 the District entered into a capital leases for various technology equipment and Retro-lighting. The equipment cost was less than the client’s capitalization threshold and therefore is not being depreciated.

NOTE 6. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees’ Retirement System or the Teacher’s Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers’ Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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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 7.06% and the PERS rate is 7.06% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2016, 2015 and 2014 were \$0, \$0, and \$0, respectively, and paid by the State of New Jersey on behalf of the board, 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, 2016, 2015 and 2014 were \$137,713, \$137,767, and \$112,618, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2016, 2015 and 2014, the State of New Jersey contributed \$1,164,484, \$945,230, and \$720,005, 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 \$482,855.61, \$498,543.30, and \$504,370 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.

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Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

NOTE 7: PUBLIC EMPLOYEES' RETIREMENT SYSTEM

At June 30, 2016, the District reported a liability of \$3,595,750.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was 0.0160181349%, which was a decrease of 4.15% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$264,992.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 85,782	
Changes of assumptions	386,155	
Net difference between projected and actual earnings on pension plan investments		57,813
Changes in proportion and differences between District contributions and proportionate share of contributions	232,576	110,133
District contributions subsequent to the measurement date	<u>137,713</u>	
Total	<u>\$ 842,226</u>	<u>167,946</u>

\$137,713.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended <u>June 30,</u>	
2016	100,302
2017	100,302
2018	100,302
2019	150,565
2020	<u>85,095</u>
Total	<u>\$ 536,567</u>

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Actuarial Assumptions

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

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

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 4,338,114	3,595,750	2,974,390.15

Pension plan fiduciary net position.

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

NOTE 8. TEACHERS' PENSION AND ANNUITY FUND (TPAF)

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

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>42,706,874</u>
Total	<u>\$ 42,706,874</u>

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2014.

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For the year ended June 30, 2016, the District recognized pension expense of \$2,607,639.00 and revenue of \$2,607,639.00 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expensed and actual experience	\$ 217,050	12,865
Changes of assumptions	4,865,115	
Net difference between projected and actual earnings on pension plan investments		361,740
Changes in proportion and differences between District contributions and proportionate share of contributions		345,846
District contributions subsequent to the measurement date	<u>363,137</u>	
Total	<u>\$ 5,445,302</u>	<u>720,451</u>

\$363,137.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2016	512,385
2017	512,385
2018	512,385
2019	784,912
2020	664,308
Thereafter	<u>1,375,340</u>
Total	<u>\$ 4,361,714</u>

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Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following assumptions, applied to all period included in the measurement:

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

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

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2014 are summarized in the following table:

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

Discount rate. The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

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

Pension plan fiduciary net position.

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

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

NOTE 10. COMPENSATED ABSENCES

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

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016**

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 Position, 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 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts 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
Franklin Templeton
GWN Securities
Invesco
American Funds
Syracusa
Morgan Stanley
Amerprise
Legend Employee Benefit Account
Metlife Associates
Prudential
AXA Equitable

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2016 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 283,702.03	
Special Revenue Fund		276,776.25
Capital Projects Fund	71.32	
Food Service Fund		6,997.10
Total	<u>\$ 283,773.35</u>	<u>283,773.35</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 14. 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 87.85% of the Districts 2015-2016 governmental operations.

NOTE 15 – MAINTENANCE RESERVE ACCOUNT

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

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

Beginning Balance, July 1, 2015	\$ 109,700.00
Budgeted Increase - FY 2016	-
Excess Surplus Transfer by	
Board Resolution	-
Withdrawals:	
Per Approved Budget	-
Board Resolution	-
Total Withdrawals	<u>-</u>
Ending Balance, June 30, 2016	<u>\$ 109,700.00</u>

City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016

NOTE 16 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Ventnor City Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-2.13(g) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2015		\$ 600,000
Deposits		
Budgeted increase in capital reserve	\$	
Interest earned		
Board Resolution - June	400,000	<u>400,000</u>
Withdrawals:		
Transfer to Capital Outlay by Resolution		
Transfer to Capital Projects Fund by Resolution		<u> </u>
Ending balance, June 30, 2016		<u><u>\$ 1,000,000</u></u>

NOTE 17. FUND BALANCE APPROPRIATED

General Fund – Of the \$3,184,316.77 General Fund fund balance at June 30, 2016, \$27,381.92 is reserved for encumbrances; \$1,066,677.00 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7* (\$103,680.00 of the total reserve for excess surplus has been appropriated and also included as anticipated revenue for the year ending June 30, 2017); \$500,000.00 has been legally restricted and included as anticipated revenue for the year ending June 30, 2017; \$109,700.00 has been reserved in the Maintenance Reserve Account; \$1,000,000.00 has been reserved in the Capital Reserve Account and \$480,557.85 is unreserved and undesignated.

**City of Ventnor School District
(A Component Unit of the City of Ventnor)
Notes to Financial Statements
June 30, 2016**

NOTE 18. 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, 2016 is \$1,066,677, of which \$103,680 has been appropriated and included as anticipated revenue for the year ended June 30, 2017.

NOTE 19. 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 20. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$(16,404.80) in the Special Revenue Fund as of June 30, 2016 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 cannot 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 21. SUBSEQUENT EVENTS

The District has evaluated events through November 28, 2016, the date on which the financial statements were available to be issued and no additional items were noted for disclosure.

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Required Supplemental Information
Part II

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BUDGETARY COMPARISON SCHEDULES

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

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,819,977.00	-	17,819,977.00	17,819,977.00	-
Tuition	1,228.00	-	1,228.00	37,530.69	36,302.69
Transportation	308,140.48	-	308,140.48	227,201.87	(80,938.61)
Rents and Royalties	-	-	-	54,571.14	54,571.14
Miscellaneous	66,000.00	-	66,000.00	159,901.87	93,901.87
Total - Local Sources	18,195,345.48	-	18,195,345.48	18,299,182.57	103,837.09
State Sources:					
Categorical Transportation Aid	328,572.00	-	328,572.00	328,572.00	-
Categorical Special Education Aid	693,629.00	-	693,629.00	693,629.00	-
Categorical Security Aid	344,762.00	-	344,762.00	344,762.00	-
Adjustment Aid	700,622.00	-	700,622.00	700,622.00	-
Extraordinary Aid	-	-	-	76,289.00	76,289.00
Nonpublic Transportation Aid	-	-	-	9,564.00	9,564.00
Other State Aid	21,300.00	-	21,300.00	21,300.00	-
On-Behalf TPAF Pension Contributions (non-budgeted)	-	-	-	1,164,484.00	1,164,484.00
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	482,855.61	482,855.61
Total - State Sources	2,088,885.00	-	2,088,885.00	3,822,077.61	1,733,192.61
Federal Sources:					
Other Federal Aids	-	-	-	7,828.03	7,828.03
Total - Federal Sources	-	-	-	7,828.03	7,828.03
Total Revenues	20,284,230.48	-	20,284,230.48	22,129,088.21	1,844,857.73

**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, 2016**

	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	97,418.42	(31,748.70)	65,669.72	64,415.88	1,253.84
Kindergarten	230,193.60	148,531.80	378,725.40	374,765.70	3,959.70
Grades 1-5	1,973,621.62	32,589.93	2,006,211.55	2,006,211.55	-
Grades 6-8	1,700,574.74	123,112.37	1,823,687.11	1,823,687.11	-
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000.00	22.00	5,022.00	2,756.00	2,266.00
Purchased Professional - Educational Services	1,000.00	(22.00)	978.00	300.00	678.00
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services		-		-	-
Other Purchased Services (400-500 series)		-		-	-
General Supplies	288,600.31	3,106.76	291,707.07	277,335.49	14,371.58
Textbooks	34,762.01	(34,762.01)	-	-	-
Other Objects	6,500.00	(3,884.62)	2,615.38	1,654.36	961.02
Total Regular Programs	4,337,670.70	236,945.53	4,574,616.23	4,551,126.09	23,490.14
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	643,415.86	8,011.75	651,427.61	649,577.61	1,850.00
Other Salaries for Instruction	131,254.30	(8,011.75)	123,242.55	103,794.42	19,448.13
General Supplies	1,395.63	-	1,395.63	-	1,395.63
Total Resource Room/Resource Center	776,065.79	0.00	776,065.79	753,372.03	22,693.76
Home Instruction - Special					
Salaries of Teachers	20,000.00	-	20,000.00	10,776.24	9,223.76
Purchased Professional - Educational Services	5,000.00	-	5,000.00	-	5,000.00
Total Home Instruction - Special	25,000.00	-	25,000.00	10,776.24	14,223.76
Total Special Education - Instruction	801,065.79	0.00	801,065.79	764,148.27	36,917.52

**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, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Basic Skills/Remedial - Instruction					
Salaries of Teachers	320,068.52	(30,121.87)	289,946.65	209,351.12	80,595.53
General Supplies	4,849.46	-	4,849.46	-	4,849.46
Textbooks	1,000.00	-	1,000.00	-	1,000.00
Total Basic Skills/Remedial - Instruction	325,917.98	(30,121.87)	295,796.11	209,351.12	86,444.99
Bilingual Education - Instruction:					
Salaries of Teachers	246,540.19	(84,859.92)	161,680.27	110,241.59	51,438.68
General Supplies	16.41	-	16.41	-	16.41
Total Bilingual Education - Instruction	246,556.60	(84,859.92)	161,696.68	110,241.59	51,455.09
School Sponsored Cocurricular Activities - Instruction:					
Salaries	24,827.00	4,094.56	28,921.56	28,342.06	579.50
Purchased Services (300-500 Series)	850.00	(48.00)	802.00	-	802.00
Supplies and Materials	6,850.35	(3,814.56)	3,035.79	842.85	2,192.94
Other Objects	1,400.00	20.16	1,420.16	1,177.50	242.66
Total School Sponsored Cocurricular Activities - Instruction	33,927.35	252.16	34,179.51	30,362.41	3,817.10
School Sponsored Athletics - Instruction					
Salaries	23,080.00	-	23,080.00	21,067.00	2,013.00
Purchased Services (300-500 Series)	5,300.00	-	5,300.00	2,857.50	2,442.50
Supplies and Materials	1,082.24	-	1,082.24	-	1,082.24
Total School Sponsored Athletics - Instruction	29,462.24	-	29,462.24	23,924.50	5,537.74
Summer School - Instruction					
Salaries	3,360.00	-	3,360.00	-	3,360.00
Total Summer School - Instruction	3,360.00	-	3,360.00	-	3,360.00

**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, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Other Alternate Education Programs - Instruction					
Salaries	2,400.00	-	2,400.00	2,024.00	376.00
Total Other Alternate Education Programs - Instruction	2,400.00	-	2,400.00	2,024.00	376.00
Total Instruction	5,780,360.66	122,215.90	5,902,576.56	5,691,177.98	211,398.58
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	5,204,596.80	(9,687.77)	5,194,909.03	5,173,214.40	21,694.63
Tuition to Other LEAs within the State - Special	564,410.13	33,131.84	597,541.97	556,705.14	40,836.83
Tuition to Co. Voc. School Dist. - Regular	197,942.00	-	197,942.00	197,942.00	-
Tuition to CSSD & Regional Day Schools	582,280.00	(172,691.48)	409,588.52	367,061.52	42,527.00
Tuition to Private Schools for the Disabled- Within State	174,417.20	(72,028.89)	102,388.31	1,036.00	101,352.31
Tuition - State Facilities	129,224.00	-	129,224.00	129,224.00	-
Total Undistributed Expenditures - Instruction	6,852,870.13	(221,276.30)	6,631,593.83	6,425,183.06	206,410.77
Undistributed Expenditures - Attendance and Social Work:					
Salaries	14,900.00	-	14,900.00	14,899.92	0.08
Other Purchased Services	10,000.00	(4,953.58)	5,046.42	-	5,046.42
Supplies and Materials	200.00	-	200.00	-	200.00
Total Undistributed Expenditures - Attendance and Social Work	25,100.00	(4,953.58)	20,146.42	14,899.92	5,246.50
Undistributed Expenditures - Health Services:					
Salaries	107,186.02	31,413.85	138,599.87	103,951.50	34,648.37
Purchased Professional and Technical Services	9,450.00	(852.73)	8,597.27	7,453.26	1,144.01
Supplies and Materials	3,975.34	897.88	4,873.22	3,738.17	1,135.05
Total Undistributed Expenditures - Health Services	120,611.36	31,459.00	152,070.36	115,142.93	36,927.43

**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, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Speech, OT, PT & Related Services					
Students - Related Services:					
Salaries	114,731.70	22,316.22	137,047.92	115,398.05	21,649.87
Purchased Professional Educational Services	93,440.00	(22,316.22)	71,123.78	44,628.75	26,495.03
Total Undistributed Expenditures - Speech, OT, PT & Related Services	208,171.70	0.00	208,171.70	160,026.80	48,144.90
Students - Related Services					
Undistributed Expenditures - Other Support Services - Extra. Serv.					
Salaries	219,181.28	(33,292.00)	185,889.28	169,193.58	16,695.70
Purchased Professional Educational Services	87,480.00	74,140.54	161,620.54	103,527.66	58,092.88
Total Undistributed Services - Other Support Services - Extra. Serv.	306,661.28	40,848.54	347,509.82	272,721.24	74,788.58
Undistributed Expenditures - Other Support Services - Students - Regular: (GUIDANCE)					
Salaries and Other Professional Staff	149,546.48	-	149,546.48	144,337.00	5,209.48
Other Purchased Professional & Technical Services	3,000.00	-	3,000.00	-	3,000.00
Other Purchased Services	500.00	-	500.00	-	500.00
Supplies and Materials	3,985.41	-	3,985.41	2,214.22	1,771.19
Other Objects	750.62	-	750.62	-	750.62
Total Undistributed Expenditures - Other Support Services - Students - Regular	157,782.51	-	157,782.51	146,551.22	11,231.29
Undistributed Expenditures - Other Support Services - Students - Special (CHILD STUDY TEAM)					
Salaries of Other Professional Staff	309,311.48	(520.26)	308,791.22	303,303.40	5,487.82
Salaries of Secretarial and Clerical Assistants	47,724.78	520.26	48,245.04	48,245.04	-
Purchased Professional - Educational Services	35,221.00	-	35,221.00	27,579.23	7,641.77
Supplies and Materials	6,930.75	-	6,930.75	1,994.06	4,936.69
Total Undistributed Expenditures - Other Support Services - Students - Special	399,188.01	(0.00)	399,188.01	381,121.73	18,066.28

**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, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Improvement of Instructional Services					
Salaries of Supervisor of Instruction	75,107.52	-	75,107.52	73,228.00	1,879.52
Total Undistributed Expenditures - Instructional Staff Training Services	75,107.52	-	75,107.52	73,228.00	1,879.52
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	180,970.50	4,953.58	185,924.08	185,263.12	660.96
Salaries of Technology Coordinators	920.00	-	920.00	-	920.00
Purchased Professional and Technical Services	11,266.50	-	11,266.50	9,323.66	1,942.84
Other Purchased Services (400-500 Series)	550.00	-	550.00	546.00	4.00
Supplies and Materials	21,000.00	-	21,000.00	19,141.30	1,858.70
Total Undistributed Expenditures - Educational Media Services - School Library	214,707.00	4,953.58	219,660.58	214,274.08	5,386.50
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	7,509.00	-	7,509.00	7,364.00	145.00
Other Purchased Services (400-500 Series)	11,459.00	-	11,459.00	6,735.00	4,724.00
Total Undistributed Expenditures - Instructional Staff Training Services	18,968.00	-	18,968.00	14,099.00	4,869.00
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	190,105.34	2,562.74	192,668.08	192,668.08	-
Legal Services	40,000.00	21,214.00	61,214.00	59,715.00	1,499.00
Audit Fees	25,800.00	-	25,800.00	25,800.00	-
Communications/Telephone	20,921.06	25,459.88	46,380.94	41,381.72	4,999.22
BOE Other Purchased Services	1,000.00	-	1,000.00	1,000.00	-
Other Purchased Services	41,242.46	(16,738.07)	24,504.39	23,421.92	1,082.47
General Supplies	2,625.00	93.51	2,718.51	2,592.37	126.14
BOE In-House Training/Meeting Supplies	950.00	277.93	1,227.93	1,227.93	-
Miscellaneous Expenditures	19,460.00	281.44	19,741.44	19,722.21	19.23
BOE Membership Dues & Fees	15,594.00	(6,187.10)	9,406.90	9,406.90	-
Total Undistributed Expenditures - Support Services - Gen. Admin.	357,697.86	26,964.33	384,662.19	376,936.13	7,726.06

**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, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	225,483.24	4,420.86	229,904.10	229,904.10	-
Salaries of Secretarial and Clerical Assistants	207,538.38	3,682.29	211,220.67	211,220.67	-
Purchased Professional and Technical Services	14,085.66	(3,376.26)	10,709.40	10,709.40	-
Other Purchased Services	9,500.00	(8,866.72)	633.28	633.28	-
Supplies and Materials	9,929.42	(2,079.94)	7,849.48	7,339.80	509.68
Other Objects	7,874.00	(450.18)	7,423.82	7,398.82	25.00
Total Undistributed Expenditures - Support Serv. - School Admin.	474,410.70	(6,669.95)	467,740.75	467,206.07	534.68
Central Services					
Salaries	173,010.36	854.76	173,865.12	173,865.12	-
Purchased Professional Services	40,804.82	-	40,804.82	27,727.15	13,077.67
Miscellaneous Purchased Services	5,350.00	(2,814.09)	2,535.91	1,573.32	962.59
Supplies and Materials	6,500.00	(1,392.08)	5,107.92	3,368.10	1,739.82
Miscellaneous Expenditures	2,400.00	537.32	2,937.32	2,830.69	106.63
Total Central Services	228,065.18	(2,814.09)	225,251.09	209,364.38	15,886.71
Administrative Information Technology					
Salaries	66,040.92	(716.43)	65,324.49	63,696.04	1,628.45
Purchased Professional Services	1,600.00	-	1,600.00	-	1,600.00
Other Purchased Services (400-500 Series)	34,425.00	-	34,425.00	10,631.35	23,793.65
Total Administrative Information Technology	102,065.92	(716.43)	101,349.49	74,327.39	27,022.10
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	215,150.04	-	215,150.04	194,543.76	20,606.28
Cleaning Repairs and Maintenance Services	318,553.00	-	318,553.00	152,244.70	166,308.30
General Supplies	16,650.36	-	16,650.36	10,377.19	6,273.17
Total Undistributed Expenditures - Required Maintenance for School Facilities	550,353.40	-	550,353.40	357,165.65	193,187.75

**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, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Operation and Maintenance - Custodial Services					
Salaries	13,060.42	(1,026.44)	12,033.98	-	12,033.98
Cleaning, Repair and Maintenance Services	295,620.96	1,026.44	296,647.40	292,621.84	4,025.56
Rental of Land & Building other than Lease Purchase Agreement	1,200.00	-	1,200.00	1,200.00	1,200.00
Insurance	97,520.89	1,003.11	98,524.00	97,025.00	1,499.00
General Supplies	63,385.12	(2,210.93)	61,174.19	43,184.14	17,990.05
Energy (Electricity)	326,125.00	-	326,125.00	260,987.52	65,137.48
Other Objects	1,150.00	-	1,150.00	550.00	600.00
Energy (Natural Gas)	90,000.00	-	90,000.00	31,789.31	58,210.69
Total Undistributed Exp - Operation and Maintenance - Custodial Services	888,062.39	(1,207.82)	886,854.57	726,157.81	160,696.76
Undistributed Expenditures - Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	7,600.00	-	7,600.00	4,177.30	3,422.70
General Supplies	4,500.00	-	4,500.00	-	4,500.00
Total Undistributed Expenditures - Care and Upkeep of Grounds	12,100.00	-	12,100.00	4,177.30	7,922.70
Undistributed Expenditures - Security					
Salaries	16,537.26	1,586.07	18,123.33	18,123.33	-
Cleaning, Repair and Maintenance Services	10,100.00	(1,644.80)	8,455.20	8,260.00	195.20
General Supplies	1,381.06	1,266.55	2,647.61	2,647.61	-
Total Undistributed Expenditures - Security	28,018.32	1,207.82	29,226.14	29,030.94	195.20
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,478,534.11	0.00	1,478,534.11	1,116,531.70	362,002.41
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides					
Contracted Services - (Between Home and School) - Vendors	826,793.83	(47,440.68)	779,353.15	769,217.12	10,136.03
Contracted Services - (Other Than Between Home and School) - Vendors	5,000.00	-	5,000.00	600.00	4,400.00
Contracted Services - (Sp Ed Students) - Joint Agmnts	139,388.40	47,440.68	186,829.08	152,948.55	33,880.53
Contracted Services - Aid in Lieu of Payments-Non Public School	35,360.00	-	35,360.00	26,018.96	9,341.04
Contracted Services - Aid in Lieu of Payments-Charter School	7,072.00	-	7,072.00	2,563.60	4,508.40
Total Undistributed Expenditures - Student Transportation Serv.	1,013,614.23	0.00	1,013,614.23	951,348.23	62,266.00

**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, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits:					
Social Security Contributions	139,554.00	16,656.49	156,210.49	145,509.89	10,700.60
Other Retirement Contributions - PERS	154,685.00	(623.36)	154,061.64	137,713.00	16,348.64
Unemployment Compensation	30,000.00	(16,033.13)	13,966.87	283.50	13,683.37
Workmen's Compensation	95,609.35	-	95,609.35	91,472.00	4,137.35
Health Benefits	2,010,895.26	(28,663.04)	1,982,232.22	1,704,445.79	277,786.43
Tuition Reimbursements	16,800.00	-	16,800.00	16,562.18	237.82
Other Employee Benefits	25,365.00	28,663.04	54,028.04	49,003.41	5,024.63
Unused Sick Payment to Terminated/Retired Staff	51,635.00	-	51,635.00	43,484.51	8,150.49
Total Unallocated Benefits	2,524,543.61	(0.00)	2,524,543.61	2,188,474.28	336,069.33
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,164,484.00	(1,164,484.00)
	-	-	-	482,855.61	(482,855.61)
Total On-Behalf Contributions	-	-	-	1,647,339.61	(1,647,339.61)
Total Undistributed Expenditures	14,558,099.12	(132,204.90)	14,425,894.22	14,848,775.77	(422,881.55)
Total Current Expense	20,338,459.78	(9,989.00)	20,328,470.78	20,539,953.75	(211,482.97)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	697,633.15	-	697,633.15	533,165.01	164,468.14
Administrative Information Technology	26,600.00	-	26,600.00	12,271.63	14,328.37
Undistributed Expense - Security	-	-	-	-	-
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	-	-
Total Equipment	724,233.15	-	724,233.15	545,436.64	178,796.51
Facility Construction and Acquisition					
Construction Services	-	-	-	-	-
Assessment for Debt Service on SDA Funding	41,174.00	-	41,174.00	41,174.00	-
Capital Outlay transferred to Capital Projects	-	-	-	-	-
Total Facility Construction and Acquisition	41,174.00	-	41,174.00	41,174.00	-
Capital Reserve Transfer to Capital Projects					
	-	-	-	-	-
Total Capital Outlay	765,407.15	-	765,407.15	586,610.64	178,796.51

**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, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Transfers to Charter Schools	312,521.00	9,989.00	322,510.00	256,042.00	66,468.00
Total Expenditures	21,416,387.93	0.00	21,416,387.93	21,382,606.39	33,781.54
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,132,157.45)	(0.00)	(1,132,157.45)	746,481.82	1,878,639.27
Other Financing Sources (Uses):					
Cancellation of Prior Year Payables			-	12,489.63	12,489.63
Total Other Financing Sources (Uses)	-	-	-	12,489.63	12,489.63
Fund Balances, July 1	2,425,345.32	-	2,425,345.32	2,425,345.32	-
Fund Balances, June 30	\$ 1,293,187.87	(0.00)	1,293,187.87	3,184,316.77	1,891,128.90

Recapitulation:

Restricted Fund Balance:	
Reserve for Excess Surplus	\$ 962,997.00
Excess Surplus - Designated for Subsequent Year's Expenditures	103,680.00
Committed Fund Balance:	
Maintenance Reserve	109,700.00
Capital Reserve	1,000,000.00
Assigned Fund Balance:	
Designated for Subsequent Years Expenditures	500,000.00
Reserve for Encumbrances	27,381.92
Unassigned Fund Balance	<u>480,557.85</u>
	<u>3,184,316.77</u>

Reconciliation to Governmental Funds Statements (GAAP):
Last State Aid Payment not Recognized on GAAP Basis

Fund Balance Per Governmental Funds (GAAP)

\$ 3,049,874.57

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, 2016

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Slate Sources:					
Preschool Education Aid	163,174.00	-	163,174.00	158,512.89	(4,661.11)
Total - State Sources	163,174.00	-	163,174.00	158,512.89	(4,661.11)
Federal Sources:					
Title I	401,372.57	118,150.44	519,523.01	497,111.43	(22,411.58)
Title II	40,160.80	1,471.20	41,632.00	41,632.00	-
Title III	18,034.45	(6,293.45)	11,741.00	11,741.00	-
I.D.E.A., Part B	197,865.00	36,084.00	233,949.00	233,861.60	(87.40)
I.D.E.A., Part B, Preschool Incentive	6,270.00	4,650.00	10,920.00	3,327.75	(7,592.25)
Total - Federal Sources	663,702.82	154,062.19	817,765.01	787,673.78	(30,091.23)
Total Revenues	826,876.82	154,062.19	980,939.01	946,186.67	(34,752.34)
EXPENDITURES:					
Instruction					
Salaries of Teachers	392,899.95	95,626.82	488,526.77	475,893.48	12,633.29
Other Salaries for Instruction	54,784.00	-	54,784.00	54,784.00	-
Purchased Professional and Technical Services	11,270.00	(1,950.00)	9,320.00	1,884.00	7,436.00
Other Purchased Services (400-500 series)	179,865.00	51,837.83	231,702.83	231,615.43	87.40
General Supplies	6,000.00	3,178.63	9,178.63	4,689.92	4,488.71
Total instruction	644,818.95	148,693.28	793,512.23	768,866.83	24,645.40
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Program Directors	15,927.48	3,664.52	19,592.00	19,592.00	-
Salaries of Other Professional Staff	-	-	-	-	-
Personal Services- Employee Benefits	129,550.74	8,188.71	137,739.45	132,343.62	5,395.83
Purchased Professional - Educational Services	5,000.00	(5,000.00)	-	-	-
Other Purchased Services (400-500 Series)	28,409.65	(2,303.25)	26,106.40	21,445.29	4,661.11
Supplies and Materials	3,170.00	818.93	3,988.93	3,938.93	50.00
Total support services	182,057.87	5,368.91	187,426.78	177,319.84	10,106.94
Facilities acquisition and construction services:					
Instructional Equipment	-	-	-	-	-
Non-instructional Equipment	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-
Total expenditures	826,876.82	154,062.19	980,939.01	946,186.67	34,752.34
Excess (Deficiency) of Revenues Over (Under) Expenditure:	-	-	-	-	0.00

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, 2016

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

		General Fund	Special Revenue
		<u> </u>	<u> </u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	22,129,088.21	946,186.67
Difference - budget to GAAP:			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		134,722.46	12,334.54
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(134,442.20)	(16,404.80)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	<u>22,129,368.47</u>	<u>942,116.41</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	21,382,606.39	946,186.67
No differences- budget to GAAP			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	<u>21,382,606.39</u>	<u>946,186.67</u>

Required Supplemental Information
Part III

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0160181349%	0.0167114763%	0.0149463906%
District's proportionate of the net pension liability (asset)	\$ 3,595,750	\$ 3,128,845	\$ 2,856,552
District's covered payroll	\$ 1,082,892	\$ 1,101,865	\$ 1,143,539
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	332.05%	283.96%	249.80%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

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

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	137,713	\$ 137,767	\$ 112,617
Contributions in relation to the contractually required contribution	<u>137,713</u>	<u>137,767</u>	<u>112,617</u>
Contribution deficiency (excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	1,082,892	\$ 1,101,865	\$ 1,143,539
Contributions as a percentage of covered-employee payroll	12.72%	12.50%	9.85%

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

Note: This schedule is required by GASB 68 to show information for a 10 year period.
However, information is only currently available for three years.
Additional years will be presented as they become available.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>36,100,658</u>	<u>34,461,363</u>	<u>34,885,514</u>
Total	<u>36,100,658</u>	<u>\$ 34,461,363</u>	<u>\$ 34,885,514</u>
District's covered payroll	6,824,981	\$ 6,796,398	\$ 6,602,663
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

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

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

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SPECIAL REVENUE FUND

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

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City of Ventnor School District
 (A Component Unit of the City of Ventnor)
 Special Revenue Fund
 Combining Schedule of Revenue and Expenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	Title I	Title II A	Title II Carryover	Title III	IDEA Basic	IDEA Preschool	Total Federal	Preschool Education Aid	Total State	Total
REVENUES:										
State Sources	497,111.43	41,652.00	-	11,741.00	233,861.60	3,327.75	787,673.78	158,512.89	158,512.89	158,512.89
Federal Sources	497,111.43	41,652.00	-	11,741.00	233,861.60	3,327.75	787,673.78	158,512.89	158,512.89	787,673.78
Total revenues	497,111.43	41,652.00	-	11,741.00	233,861.60	3,327.75	787,673.78	158,512.89	158,512.89	946,186.67
EXPENDITURES										
Instruction:										
Salaries of Teachers	349,358.65	30,624.30	-	10,816.53	-	-	390,799.48	85,094.00	85,094.00	475,893.48
Other Salaries for Instruction	-	-	-	-	-	-	-	54,784.00	54,784.00	54,784.00
Purchased Prof and Technical Services	-	-	-	-	-	1,884.00	1,884.00	-	-	1,884.00
Other Purchased Services (400-500 Series)	-	-	-	-	231,615.43	-	231,615.43	-	-	231,615.43
General Supplies	-	-	-	-	2,246.17	1,443.75	3,689.92	1,000.00	1,000.00	4,689.92
Total instruction	349,358.65	30,624.30	-	10,816.53	233,861.60	3,327.75	627,988.83	140,878.00	140,878.00	768,866.83
Support services:										
Salaries of Program Directors	19,592.00	-	-	-	-	-	19,592.00	-	-	19,592.00
Salaries of Other Professional Staff	-	-	-	-	-	-	-	-	-	-
Personal Services- Employee Benefits	106,415.45	7,637.70	-	924.47	-	-	114,977.62	17,366.00	17,366.00	132,343.62
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-	-	-
Other Purchased Services (400-500 Series)	17,806.40	3,370.00	-	-	-	-	21,176.40	268.89	268.89	21,445.29
Supplies and Materials	3,938.93	-	-	-	-	-	3,938.93	-	-	3,938.93
Total support services	147,752.78	11,007.70	-	924.47	-	-	159,684.95	17,634.89	17,634.89	177,319.84
Facilities Acquisition and Construction Services:										
Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Non-instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services:	-	-	-	-	-	-	-	-	-	-
Total expenditures	497,111.43	41,652.00	-	11,741.00	233,861.60	3,327.75	787,673.78	158,512.89	158,512.89	946,186.67
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, 2016

E-2

	2016		Variance
	Budgeted	Actual	
EXPENDITURES:			
Instructional:			
Salaries of Teachers	85,094.00	85,094.00	-
Other Salaries for Instruction	54,784.00	54,784.00	-
General Supplies	1,000.00	1,000.00	-
Total Instruction	140,878.00	140,878.00	-
Support Services:			
Personal Services - Employee Benefits	17,366.00	17,366.00	-
Other Purchased Services (400-500 Series)	4,930.00	268.89	4,661.11
Total Support Services	22,296.00	17,634.89	4,661.11
Total Expenditures	163,174.00	158,512.89	4,661.11

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2015-16 Preschool Education Aid Allocation	163,174.00
Add: Actual PEA Carryover (June 30, 2015)	75,981.00
Add: Budgeted transfer from the General Fund	-
Total Preschool Education Aid Funds Available for 2015-16 Budget	239,155.00
Less: 2015-16 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>(163,174.00)</u>
Available & Budgeted Preschool Education Aid Funds as of June 30, 2016	75,981.00
Add: June 30, 2016 Unexpended Preschool Education Aid	<u>4,661.11</u>
2015-16 Actual Carryover - Preschool Education Aid	<u>80,642.11</u>
2015-16 Preschool Education Aid Carryover Budget in 2016-17	<u>9,228.00</u>

CAPITAL PROJECTS FUND

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

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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, 2016

Revenues and Other Financing Sources:

State Sources - ROD Grant	451,076.39
Lease proceeds and transfers	(655,794.19)
Transfer from capital outlay	<u>-</u>
Total revenues	<u>(204,717.80)</u>

Expenditures and Other Financing Uses:

Purchased professional & technical services	9,521.64
Transfer to Capital Projects	-
Construction services	826,127.10
Equipment purchases	<u>-</u>
Total expenditures	<u>835,648.74</u>
Excess of revenues over expenditures	(1,040,366.54)
Fund balance - beginning	1,040,437.86
Fund balance - ending	<u><u>71.32</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
ROD Boiler Replacement
For the Fiscal Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources- ROD Grant	157,547.91	-	157,547.91	157,547.91
Lease proceeds and transfers	502,382.45	(266,060.58)	236,321.87	236,321.87
Transfer from capital outlay	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>659,930.36</u>	<u>(266,060.58)</u>	<u>393,869.78</u>	<u>393,869.78</u>
Expenditures and Other Financing Uses:				
Purchased professional & technical services	59,840.50	-	59,840.50	59,840.50
Transfer to Capital Reserve	-	-	-	-
Construction services	334,029.28	-	334,029.28	334,029.28
Equipment purchases	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>393,869.78</u>	<u> </u>	<u>393,869.78</u>	<u>393,869.78</u>
Excess of revenues over expenditures	<u>266,060.58</u>	<u>(266,060.58)</u>	<u> </u>	<u> </u>
 Additional project information:				
Project numbers	5350-040-14-1001-G04			
Grant Date	1/6/2014			
Lease Authorization Date	6/27/2014			
Lease Proceeds	502,382.45			
Original Authorized Cost	393,869.78			
Additional Authorized Cost	-			
Revised Authorized Cost	393,869.78			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Adjusted Target completion date	10/1/2014			

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
ROD Roof Replacement
For the Fiscal Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources- ROD Grant	229,966.80	342,074.85	572,041.65	572,041.65
Lease proceeds and transfers	932,466.88	(201,585.03)	730,881.85	730,881.85
Transfer from capital outlay	-	-	-	-
	<u>1,162,433.68</u>	<u>140,489.82</u>	<u>1,302,923.50</u>	<u>1,302,923.50</u>
Total revenues				
Expenditures and Other Financing Uses:				
Purchased professional & technical services	90,748.50	4,870.00	95,618.50	95,618.50
Transfer to Capital Reserve	-	-	-	-
Construction services	484,168.50	723,136.50	1,207,305.00	1,207,305.00
Equipment purchases	-	-	-	-
	<u>574,917.00</u>	<u>728,006.50</u>	<u>1,302,923.50</u>	<u>1,302,923.50</u>
Total expenditures				
Excess of revenues over expenditures	<u>587,516.68</u>	<u>(587,516.68)</u>	<u>-</u>	<u>-</u>

Additional project information:

Project numbers	5350-040-14-1002-G04
Grant Date	1/6/2014
Lease Authorization Date	6/27/2014
Lease Proceeds	932,466.88
Original Authorized Cost	1,302,923.50
Additional Authorized Cost	-
Revised Authorized Cost	1,302,923.50
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Adjusted Target completion date	10/1/2015

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
ROD Gym HVAC Replacement
For the Fiscal Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources- Rod Grant	205,124.76	104,781.50	309,906.26	309,906.26
Lease proceeds and transfers	482,487.24	(173,521.00)	308,966.24	308,966.24
Transfer from capital outlay	-	-	-	-
	<u>687,612.00</u>	<u>(68,739.50)</u>	<u>618,872.50</u>	<u>618,872.50</u>
Total revenues				
Expenditures and Other Financing Uses:				
Purchased professional & technical services	54,922.50	3,070.00	57,992.50	57,992.50
Transfer to Capital Reserve	-	-	-	-
Construction services	457,889.40	102,990.60	560,880.00	560,880.00
Equipment purchases	-	-	-	-
	<u>512,811.90</u>	<u>106,060.60</u>	<u>618,872.50</u>	<u>618,872.50</u>
Total expenditures				
Excess of revenues over expenditures	<u>174,800.10</u>	<u>(174,800.10)</u>	<u>-</u>	<u>-</u>

Additional project information:

Project numbers	5350-040-14-1004-G04
Grant Date	1/6/2014
Lease Authorization Date	6/27/2014
Lease Proceeds	482,487.24
Original Authorized Cost	618,872.50
Additional Authorized Cost	-
Revised Authorized Cost	618,872.50
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Adjusted Target completion date	12/1/2011

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
ROD Emergency Generator
For the Fiscal Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources- ROD Grant	113,735.29	4,220.04	117,955.33	117,955.33
Lease proceeds and transfers	182,663.43	(14,627.58)	168,035.85	168,035.85
Transfer from capital outlay	-	-	-	-
	<u>296,398.72</u>	<u>(10,407.54)</u>	<u>285,991.18</u>	<u>285,991.18</u>
Expenditures and Other Financing Uses:				
Purchased professional & technical services	23,187.50	1,581.64	24,769.14	24,769.14
Transfer to Capital Reserve	-	-	-	-
Construction services	261,150.72	-	261,150.72	261,150.72
Equipment purchases	-	-	-	-
	<u>284,338.22</u>	<u>1,581.64</u>	<u>285,919.86</u>	<u>285,919.86</u>
Excess of revenues over expenditures	<u>12,060.50</u>	<u>(11,989.18)</u>	<u>71.32</u>	<u>71.32</u>

Additional project information:

Project numbers	5350-040-14-1005-G04
Grant Date	1/6/2014
Lease Authorization Date	6/27/2014
Lease Proceeds	182,663.43
Original Authorized Cost	285,991.18
Additional Authorized Cost	-
Revised Authorized Cost	285,991.18
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Adjusted Target completion date	12/1/2014

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FIDUCIARY FUNDS

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

Unemployment Compensation Insurance Trust Fund-

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

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

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

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

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2016

	Agency Funds		2016
	Student Activity	Payroll Agency	
ASSETS:			
Cash and cash equivalents	\$ 28,936.76	27,398.20	56,334.96
Total Assets	28,936.76	27,398.20	56,334.96
LIABILITIES:			
Liabilities:			
Payroll Deductions and Withholdings	-	27,398.20	27,398.20
Due to Student Groups	28,936.76	-	28,936.76
Total Liabilities	\$ 28,936.76	27,398.20	56,334.96

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, 2016

H-3

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 24,351.17	36,245.53	31,659.94	28,936.76
Total Assets	<u>24,351.17</u>	<u>36,245.53</u>	<u>31,659.94</u>	<u>28,936.76</u>
LIABILITIES:				
Due to Student Groups	24,351.17	36,245.53	31,659.94	28,936.76
Total Liabilities	<u>\$ 24,351.17</u>	<u>36,245.53</u>	<u>31,659.94</u>	<u>28,936.76</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, 2016**

H-4

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance July 1, 2016</u>
ASSETS:				
Cash and cash equivalents	\$ 91,810.26	4,258,300.19	4,322,712.25	27,398.20
Total assets	<u>91,810.26</u>	<u>4,258,300.19</u>	<u>4,322,712.25</u>	<u>27,398.20</u>
LIABILITIES:				
Payroll Deductions and Withholdings	85,374.68	4,258,300.19	4,316,276.67	27,398.20
Interfund Accounts Payable: Due General Fund	<u>6,435.58</u>	<u>-</u>	<u>6,435.58</u>	<u>-</u>
Total Liabilities	<u>\$ 91,810.26</u>	<u>4,258,300.19</u>	<u>4,322,712.25</u>	<u>27,398.20</u>

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LONG-TERM DEBT

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

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City of Ventnor School District
(A Component Unit of the City of Ventnor)
Long-Term Debt
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2016

Series	Date of Lease	Term of Lease	Amount of Original Issue Principal	Interest	Interest Rate Payable	Amount Outstanding June 30, 2015	Current Year Issued	Current Year Retired	Amount Outstanding June 30, 2016
Retro-Fit Lighting	9/12/11	5 Years	64,061	9,134	5.09%	\$ 20,904.74	-	13,763.74	7,141.00
Various Improvements	6/27/14	5 Years	2,100,000	76,791	1.61%	1,673,643.03	-	936,330.38	737,312.65
						<u>\$ 1,694,547.77</u>	<u>-</u>	<u>950,094.12</u>	<u>744,453.65</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.

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CITY OF VENTNOR SCHOOL DISTRICT
Net Position by Component,
Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	19,244,963	18,726,373	18,198,966	18,228,757	20,853,166	20,026,494	19,197,067	16,591,987	17,943,708	18,665,560
Restricted	1,023,495	929,063	973,217	755,525	429,412	562,931	901,500	694,732	1,945,538	2,703,759
Unrestricted	(176,272)	176,030	254,667	(346,336)	242,233	758,462	310,742	361,345	(1,707,095)	(2,976,762)
Total governmental activities net position	20,092,186	19,831,466	19,426,850	18,637,946	21,524,811	21,347,887	20,409,309	17,648,063 *	18,182,151	18,412,557
Business-type activities										
Invested in capital assets, net of related debt	75,896	64,382	52,869	41,357	29,896	47,717	32,996	23,887	20,370	20,179
Restricted	278,237	284,498	260,572	280,681	216,674	105,376	12,141	(25,920)	41,461	96,017
Total business-type activities net position	354,133	348,880	313,441	322,038	246,570	153,093	45,137	(2,033)	61,831	116,196
District-wide										
Invested in capital assets, net of related debt	19,320,859	18,790,755	18,251,835	18,270,114	20,883,062	20,074,211	19,230,063	16,615,874	17,964,078	18,705,739
Restricted	1,023,495	929,063	973,217	755,525	429,412	562,931	901,500	694,732	1,945,538	2,703,759
Unrestricted	101,965	460,528	515,239	(65,655)	458,907	863,838	322,883	335,424	(1,665,634)	(2,880,745)
Total district net position	20,446,319	20,180,346	19,740,291	18,959,984	21,771,381	21,500,980	20,454,446	17,646,030	18,243,982	18,528,753

* Net position was restated as of June 30, 2014 as required by implementation of GASB 68.

Source: CAFR Schedule A-1

CITY OF VENTNOR SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	6,843,635	6,802,276	7,033,460	7,316,645	7,089,836	6,604,687	7,254,881	7,097,968	7,218,412	6,997,954
Special education	1,001,666	1,087,182	1,070,650	1,109,908	1,066,985	1,052,321	1,068,960	1,020,838	1,036,022	1,089,961
Other special education	575,558	676,435	765,422	632,289	640,079	762,249	781,200	622,449	628,315	455,859
Other instruction	54,761	65,585	84,073	59,641	18,750	37,754	63,554	90,579	63,049	80,320
Non-public programs	95,624	108,535	103,941	69,279	23,545	-	-	-	-	-
Support Services:										
Tuition	8,013,683	7,534,365	7,208,469	8,407,993	8,583,762	8,673,153	8,863,182	7,932,062	8,845,367	9,228,864
Student & instruction related services	1,087,329	1,199,721	1,307,016	1,321,322	1,264,699	1,547,684	1,496,798	1,597,501	1,893,600	1,985,605
General administrative services	352,068	385,097	392,703	363,384	381,716	231,879	313,604	428,347	409,095	537,652
School administrative services	554,852	572,322	574,987	653,213	641,191	695,141	610,374	575,111	608,715	666,410
Business administrative services	295,347	343,352	430,667	324,404	316,074	1,342,145	1,224,216	1,413,150	1,621,136	1,592,591
Plant operations and maintenance	1,367,848	1,355,316	1,466,451	1,415,671	1,335,868	1,084,316	1,219,389	1,174,180	1,268,368	1,356,978
Pupil transportation	1,320,246	1,014,522	1,047,747	1,150,622	1,056,253	338,697	409,083	360,038	385,652	404,650
Capital Outlay	108,269	-	-	-	160,965	28,873	41,173	186,797	529,607	496,508
Charter Schools										
Unallocated benefits										
Total governmental activities expenses	21,670,786	21,144,708	21,485,586	22,824,371	22,579,723	22,398,899	23,346,414	22,499,022	24,507,337	24,893,353
Business-type activities:										
After School Program	7,136	10,304	9,661	10,352	26,289	29,866	18,321	17,741	9,010	19,458
Food service	422,036	433,005	490,731	576,278	565,632	612,985	579,637	448,421	404,519	367,810
Total business-type activities expense	429,172	443,309	500,392	586,630	591,921	642,851	597,958	466,161	413,529	387,268
Total district expenses	22,099,958	21,588,017	21,985,978	23,411,001	23,171,644	23,041,750	23,944,372	22,965,183	24,920,866	25,280,621

CITY OF VENTNOR SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental activities:										
Charges for services	3,793,334	193,637	239,579	257,260	320,471	306,962	347,147	315,243	343,843	264,733
Operating grants and contributions	3,793,334	2,436,147	1,737,012	1,563,020	1,312,931	1,129,059	1,048,464	1,272,204	4,529,328	5,285,034
Total governmental activities program revenues	3,793,334	2,629,784	1,976,591	1,820,280	1,633,402	1,436,021	1,395,611	1,587,447	4,873,172	5,549,767
Business-type activities:										
Charges for services										
Fees for after school program	17,059	20,973	14,462	17,710	22,716	15,297	15,421	29,798	36,714	41,529
Food service	159,739	146,626	145,212	195,768	179,346	176,239	150,612	88,163	124,209	124,381
Operating grants and contributions	254,019	269,867	304,621	381,749	314,391	340,762	323,969	301,031	286,157	299,034
Total business type activities program revenues	430,817	437,466	464,295	595,227	516,453	532,298	490,002	418,992	447,080	464,944
Total district program revenues	4,224,151	3,067,250	2,440,886	2,415,507	2,149,855	1,968,319	1,885,613	2,006,440	5,320,251	6,014,711
Net (Expense)/Revenue										
Governmental activities	(17,877,452)	(18,514,924)	(19,508,995)	(21,004,091)	(20,946,321)	(20,962,878)	(21,950,803)	(20,911,574)	(19,634,166)	(19,343,586)
Business-type activities	1,645	(5,843)	(36,097)	8,597	(75,468)	(110,563)	(107,956)	(47,169)	33,551	77,677
Total district-wide net expense	(17,875,807)	(18,520,767)	(19,545,092)	(20,995,494)	(21,021,789)	(21,073,431)	(22,058,759)	(20,958,743)	(19,600,615)	(19,265,909)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	15,597,115	15,193,897	15,755,683	16,686,417	17,142,480	17,819,977	17,483,143	17,483,143	17,819,977	17,819,977
Unrestricted grants and contributions	1,506,811	2,967,330	3,362,925	3,083,699	2,681,178	3,254,800	3,518,444	3,332,550	2,200,176	2,182,846
Restricted grants and contributions										
Transportation revenue	202,611	87,308	77,664	56,616	592,306	31,866	10,638	75,316	58,464	159,902
Miscellaneous income	104,111							12,874	69,950	54,571
Rents and Royalties										
Unfunded pension obligation refinanced by City				388,455	3,833,861	23,145	-	-	-	-
Bond Proceeds										
Special Items										
Escrow Balance Applied to Leases		5,669								
Loss on the disposal of fixed assets	(8,306)				(416,639)			(9,621)	19,686	-
Cancellation of Prior Year Receivable										(127,921)
Close Out Capital Projects										(527,874)
Cancellation of Prior Year Payables										12,490
Total governmental activities	17,402,342	18,254,204	19,196,272	20,215,187	23,833,186	21,129,788	21,012,225	20,894,262	20,168,254	19,573,992
Business-type activities:										
Miscellaneous income	658	590	658							
Special Items										
Transfers									30,314	(23,312)
Cancellation of Prior Year Receivable										
Total business-type activities	658	590	658						30,314	(23,312)
Total district-wide	17,403,000	18,254,794	19,196,930	20,215,187	23,833,186	21,129,788	21,012,225	20,894,262	20,198,568	19,550,680
Change in Net Position										
Governmental activities	(475,110)	(260,720)	(312,723)	(788,904)	2,886,865	166,910	(938,578)	(17,312)	534,088	230,406
Business-type activities	2,303	(5,253)	(35,439)	8,597	(75,468)	(110,563)	(107,956)	(47,169)	63,865	54,365
Total district	(472,807)	(265,973)	(348,162)	(780,307)	2,811,397	56,357	(1,046,534)	(64,481)	597,953	284,770

Sources: CAFR Schedule A-2

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted					391,946	1,082,431	1,236,772	1,484,060	1,220,529	1,066,677
Committed					259,599	280,115	64,972	259,700	717,402	1,109,700
Assigned					39,712	20,971	15,942	18,846	7,607	527,382
Unassigned					377,339	338,912	275,578	315,523	345,085	346,116
Reserved	899,265	1,164,585	1,402,608	755,525						
Unreserved	302,262	313,425	197,049	218,536						
Total general fund	<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>	<u>1,593,264</u>	<u>2,078,128</u>	<u>2,290,623</u>	<u>3,049,875</u>
All Other Governmental Funds										
Reserved	139,801	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	(44,959)	(57,384)	(19,905)	(19,905)	(19,860)	(13,477)	(21,681)	(20,026)	(12,335)	(16,405)
Capital projects fund	-	-	-	-	-	-	-	-	1,040,438	71
Total all other governmental funds	<u>94,842</u>	<u>(57,384)</u>	<u>(19,905)</u>	<u>(19,905)</u>	<u>(19,860)</u>	<u>(13,477)</u>	<u>(21,681)</u>	<u>(20,026)</u>	<u>1,028,103</u>	<u>(16,333)</u>

Source: CAFR Schedule B-1

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	15,597,115	15,193,897	15,755,683	16,686,417	17,142,480	17,483,143	17,483,143	17,483,143	17,819,977	17,819,977
Other Tuition			2,636	7,944		10,278		1,733	61,995	37,531
Transportation	202,611	193,637	236,943	257,260	312,527	306,962	336,869	313,510	281,848	227,202
Rents and Royalties								12,874	69,950	54,571
Miscellaneous	104,111	87,308	77,664	61,223	592,306	31,866	10,628	75,316	58,464	159,902
State sources	3,842,131	4,075,140	3,758,745	3,316,074	2,899,897	3,310,916	3,727,050	3,575,451	4,430,078	4,427,877
Federal sources	1,488,014	1,328,337	1,341,192	1,326,038	1,094,212	1,072,943	899,888	1,029,303	818,079	795,502
Total revenue	21,203,982	20,878,319	21,172,863	21,647,012	22,049,366	22,205,830	22,407,826	22,491,331	23,540,392	23,522,561
Expenditures										
Instruction										
Regular instruction	5,517,755	5,470,212	5,703,983	5,945,871	5,744,215	5,277,796	5,712,690	5,636,593	5,643,169	5,576,035
Special education instruction	807,615	875,900	862,357	893,615	857,345	833,213	833,623	805,781	762,289	764,148
Other special instruction	464,057	544,977	616,511	509,073	514,316	603,538	609,215	491,320	462,304	319,593
Other instruction	44,153	52,840	67,716	48,019	15,066	29,893	49,563	71,497	46,390	56,311
Nonpublic school programs	77,089	87,442	83,719	55,778	18,919	-	-	-	-	-
Support Services:										
Instruction	6,461,214	6,070,143	5,806,072	6,769,492	6,897,300	6,867,285	6,911,910	6,261,039	6,508,286	6,470,159
Student & instruction related services	876,683	966,569	1,052,738	1,063,830	1,016,211	1,225,435	1,167,271	1,260,961	1,393,282	1,392,065
General administrative services	283,862	310,257	316,303	292,569	306,717	183,598	244,563	338,108	301,006	376,936
School Administrative services	447,362	461,097	463,124	525,919	514,490	551,125	475,997	453,955	447,883	467,206
Business administrative services	236,392	276,624	346,882	261,186	253,972	1,062,692	954,699	1,115,446	1,192,807	1,116,532
Plant operations and maintenance	1,114,646	1,104,109	1,161,554	1,139,793	1,073,398	858,547	926,819	926,819	933,246	951,348
Pupil transportation	1,177,437	886,683	901,782	1,112,945	848,721	268,176	319,021	284,190	283,757	283,692
Unallocated employee benefits	3,318,038	3,532,157	3,442,848	3,542,696	3,845,234	3,749,443	4,252,280	3,835,173	3,971,506	3,968,158
Charter Schools										
Capital outlay	227,033	115,052	299,641	656,612	4,007,701	122,079	63,439	578,946	2,398,512	1,422,259
Total expenditures	21,053,346	20,754,062	21,125,230	22,817,388	25,913,605	21,632,820	22,546,205	22,059,828	24,344,437	23,164,442
Excess (Deficiency) of revenues over (under) expenditures	150,636	124,257	47,633	(1,170,376)	(3,864,239)	573,010	(137,379)	431,503	(804,045)	358,119
Other Financing sources (uses)										
Capital leases (non-budgeted)	144,593		111,493	156,325	124,887	64,061				12,490
Cancellation of Prior Year Payables										(127,921)
Close Out Capital Projects										(527,874)
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/Lease Proceeds				388,455	3,833,861	23,145		2,100,000		
Transfers in										
Transfers out										
Total other financing sources (uses)	144,593	-	111,493	544,780	3,958,748	87,206	-	2,100,000	-	(643,305)
Net change in fund balances	295,229	124,257	159,126	(625,596)	94,509	660,216	(137,379)	2,531,503	(804,045)	(285,185)
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%	0.00%

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	Rents and Royalties	Misc.	Total
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
2013	10	10,278	336,869		10,628	357,785
2014	12,874	1,733	313,510	12,874	75,316	416,307
2015	4,251	61,995	281,848	69,950	54,213	472,257
2016	4,549	37,531	227,202	54,571	155,353	479,206

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	School Tax Rate ^b	Total Direct	Estimated Actual (County Equalized Value)
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	
2013	35,040,600	2,374,781,750	-	-	85,956,600	1,604,100	15,007,100	2,512,390,150	-	2,167,532	2,514,557,682	0.753	2,443,285,466	
2014	55,587,800	2,305,924,150	-	-	80,719,500	1,604,100	16,553,400	2,460,388,950	-	1,784,440	2,462,173,390	0.777	2,443,285,466	
2015	57,341,700	2,244,666,750	-	-	80,033,600	1,604,100	15,525,300	2,399,171,450	-	1,862,937	2,401,034,387	0.742	2,354,489,177	
2016	54,030,900	2,209,240,950	-	-	80,962,400	1,604,100	16,162,400	2,362,000,750	-	-	2,362,000,750	0.813	N/A	

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

^a 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 2006 the City of Ventnor had a revaluation.

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

^b Tax rates are per \$100

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

Fiscal Year Ended June 30,	CITY OF VENTNOR Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b		Total Direct	City of Ventnor	Atlantic County	
		Obligation	Debt				
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	
2013	0.695	0.058	0.753	0.788	0.448	1.989	
2014	0.717	0.060	0.777	0.837	0.445	2.059	
2015	0.683	0.059	0.742	0.893	0.472	2.107	
2016	0.754	0.059	0.813	0.891	0.482	2.186	

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 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	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Ventnor Loan LLC	\$ 15,383,100	1	0.61%	Information not available		
Taxpayer #1	5,750,000	2	0.23%			
Seascape Villa, LLC	4,529,300	3	0.18%			
Taxpayer #2	4,200,000	4	0.17%			
111 South Cornell Assoc. LLC	3,534,500	5	0.14%			
Marshall Trustee	3,500,000	6	0.14%			
Taxpayer #3	3,000,000	7	0.12%			
Taxpayer #4	2,900,000	8	0.12%			
Taxpayer #5	2,650,300	9	0.11%			
Taxpayer #6	2,500,000	10	0.10%			
Total	\$ 47,947,200		1.91%	\$ -		0.00%

During this ten year period the City conducted a revaluation. 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	
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	17,312,812	17,312,812	100.00%	-
2013	17,483,143	17,483,143	100.00%	-
2014	17,483,143	17,483,143	100.00%	-
2015	17,819,977	17,819,977	100.00%	-
2016	17,819,977	17,819,977	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				
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	
2013	11,123,000		106,445			11,229,445	2.655%	1,058	
2014	10,053,000		2,164,650			12,217,650	2.859%	1,148	
2015	8,763,000		1,694,548			10,457,548	2.335%	987	
2016	7,638,000		744,454			8,382,454	1.865%	799	

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
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
2013	11,123,000		11,123,000	0.44%	1,048
2014	10,053,000		10,053,000	0.41%	945
2015	8,763,000		8,763,000	0.36%	827
2016	7,638,000		7,638,000	0.32%	728

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, 2016
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	\$ 17,271,140.00	100.00%	17,271,140.00
Other debt			
Atlantic County (5.689%) as of December 31, 2015	164,136,198.54	6.302%	10,343,569.52
Subtotal, overlapping debt			27,614,709.52
CITY OF VENTNOR School District Direct Debt			<u>7,638,000.00</u>
Total direct and overlapping debt			<u>\$ 35,252,709.52</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 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	65,901,185	77,274,972	85,619,614	86,684,198	85,166,383	81,965,768	78,982,609	75,575,008	72,650,869	70,443,638
Total net debt applicable to limit	14,341,000	13,211,000	12,076,000	11,025,000	13,173,000	12,163,000	11,123,000	10,053,000	8,763,000	7,683,000
Legal debt margin	51,560,185	64,063,972	73,543,614	75,659,198	71,993,383	69,802,768	67,859,609	65,522,008	63,887,869	62,760,638
Total net debt applicable to the limit as a percentage of debt limit	21.76%	17.10%	14.10%	12.72%	15.47%	14.84%	14.08%	13.30%	12.06%	10.91%

Equalized valuation basis	
2015	\$ 2,280,364,462
2014	2,364,849,048
2013	2,399,150,258
[A]	<u>7,044,363,768</u>
[A/3]	2,348,121,256

Average equalized valuation of taxable property	
[B]	70,443,638 a
[C]	7,683,000
[B-C]	<u>\$ 62,760,638</u>

Source: Abstract of Ratables and District Records CAFR Schedule J-6

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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%
2013	10,615	427,381	40,262	13.60%
2014	10,639	447,891	42,099	10.70%
2015	10,597	449,578	42,425	10.20%
2016	10,486	454,421	43,336	8.50%

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, 2012

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

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	65.0	72.5	66.0	61.0	59.5	59.0	58.0	59.5	54.5	57.0
Special education	10.0	10.0	15.5	10.5	9.5	15.5	16.0	16.0	13.0	12.0
Other special education	9.5	10.0	11.5	12.0	10.0	5.5	2.0	2.0	2.0	2.0
Other instruction	2.0	2.0	2.0	2.0	2.5	2.0	4.5	4.0	3.5	3.5
Support Services:										
Student & instruction related services	15.5	11.5	15.5	23.5	24.5	19.0	19.5	17.5	24.5	22.0
General administrative services	3.0	4.0	2.5	2.0	2.0	2.0	2.5	2.5	2.5	2.5
School administrative services	7.0	4.5	7.0	7.0	8.0	7.0	9.0	9.5	9.5	9.5
Business administrative services	4.5	5.0	5.5	5.5	3.5	3.5	3.5	3.5	3.5	3.5
Plant operations and maintenance	2.5	2.5	2.5	3.5	3.0	4.0	4.0	4.0	4.0	4.0
Pupil transportation	11.0	11.0	9.0	11.0	-	-	-	-	-	-
Food Service	5.5	5.5	6.5	8.0	7.5	7.5	7.5	7.5	7.0	7.0
Child Care	-	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	135.5	138.5	144.0	146.5	130.5	125.5	127.0	126.5	124.5	123.5

GASB requires this table to present the full-time equivalent district employees by function/program for the current year and the previous nine years.

Source: District Personnel Records

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

Fiscal Year	<u>Pupil/Teacher Ratio</u>						Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary/Middle School				
2007	948	20,826,313	21,969	10.68%	102	9:1	947	898	-8.33%	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%
2013	872	22,481,766	25,782	8.47%	77	12:1	857	808	-4.03%	94.28%
2014	817	21,480,882	26,292	1.98%	80	10:1	809	771	-5.60%	95.30%
2015	778	21,480,882	27,610	5.01%	82	9.5:1	771	731	-4.70%	94.81%
2016	753	21,742,182	28,874	4.58%	82	9:1	743	708	-3.63%	95.29%

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
<u>Ventnor Educational Community Complex (1969)</u>										
Square Feet	152,357	152,357	152,357	152,357	152,357	152,357	152,357	152,357	152,357	152,357
Capacity (students)	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063
Enrollment	948	948	943	990	987	905	872	817	778	753

Number of Schools at June 30, 2016
 One building- Elementary/Middle School

Source: District records, ASSA

Note: 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

School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City of Ventnor School	N/A	\$ 357,166	367,584	262,596	246,110	161,065	150,140	186,361	240,991	259,805	237,369
Total School Facilities		<u>357,166</u>	<u>367,584</u>	<u>262,596</u>	<u>246,110</u>	<u>161,065</u>	<u>150,140</u>	<u>186,361</u>	<u>240,991</u>	<u>259,805</u>	<u>237,369</u>
Other Facilities											
Grand Total		<u><u>357,166</u></u>	<u><u>\$ 367,584</u></u>	<u><u>262,596</u></u>	<u><u>246,110</u></u>	<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>

CITY OF VENTNOR SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

	Coverage	Deductible
School Package Policy		
Property - Blanket Building & Contents	\$ 250,000,000	\$ 2,500
Flood - Non A and V Zones	\$ 100,000,000	
Extra Expense - Blanket	50,000,000	
Miscellaneous School Property		
General Liability	5,000,000 per occ, 5,000,000 aggreg	
Personal/Advertising Injury Liability	5,000,000	
Employee Dishonesty	500,000	
Forgery/Alterations	50,000	1,000
Automobile Policy:		
Comprehensive Automobile Liability	5,000,000	
Uninsured Motorist	15,000	
Medical Payments	10,000	
School Board Legal Liability	5,000,000 per occ, 5,000,000 aggreg	
Excess Liability	5,000,000	
Boiler and Machinery	100,000,000	
Flood Insurance		
Property - Building	500,000	5,000
Property - Contents	500,000	
Student Accident	1,000,000	
Bonds		
Board Secretary & Business Administrator	250,000	

Source: District Records

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Single Audit Section

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FORD - SCOTT

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INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major of the Ventnor City School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ventnor City School District's basic 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 basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements prescribed by the Division of Finance, Department of Education, and State of New Jersey.

Purpose of this Report

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

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

Harvey C. Cocozza, Jr.
Harvey C. Cocozza, Jr.
Certified Public Accountant
Licensed Public School Accountant
No. 2420

November 28, 2016



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Ventnor Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the City of Ventnor Board of Education's major federal and state programs for the year ended June 30, 2016. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Ventnor Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Uniform Guidance, and New Jersey 15-08 *State Aid/Grant Compliance Supplement*. Those standards and Circulars 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Ventnor Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Ventnor Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

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

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

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

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

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

Harvey C. Cocozza, Jr.
Harvey C. Cocozza, Jr.
Certified Public Accountant
Licensed Public School Accountant
No. 2420

November 28, 2016

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City of Ventura School District
(A Component Unit of the City of Ventura)
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

Federal Grant/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures		(MAYO) Passed Through to Sub-Recipients	Adjustments	Repayment Year's Balances	Balance at June 30, 2016	
									Source Pass Through	Total				(Accounts Receivable)	Deferred Revenue
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Food Distribution Program	10.565		N/A	7/01/15 - 6/30/16	33,317.39 \$			33,317.39	(33,317.39)						
National School Lunch Program	10.555		N/A	7/01/14 - 6/30/16	195,311.96		184,986.71	(195,311.96)						(10,325.25)	
National School Lunch Program	10.555		N/A	7/01/15 - 6/30/15	14,266.70	(14,266.70)								(3,428.70)	
School Breakfast Program	10.553		N/A	7/01/15 - 6/30/16	57,437.53	(4,896.57)	54,008.83	(57,437.53)							
School Breakfast Program	10.553		N/A	7/01/14 - 6/30/15	3,749.04	(140.72)	4,089.76								
School Snack Program	10.555		N/A	7/01/15 - 6/30/16	4,216.68		4,373.04	(4,516.68)						(143.64)	
Special Milk Program	10.556		N/A	7/01/14 - 6/30/16	167.39	(14.94)	312.22	(86.62)						(6.51)	
Special Milk Program	10.556		N/A	7/01/14 - 6/30/15	4,413.06	(332.22)	4,152.70							(14.94)	
Healthy Hunger Free Kids Act	10.555		N/A	7/01/15 - 6/30/16	4,380.48			(4,380.48)						(227.58)	
Healthy Hunger Free Kids Act	10.555		N/A	7/01/15 - 6/30/15											
Total U.S. Department of Agriculture					(19,671.15)		300,525.19	(295,050.60)						(14,196.62)	
U.S. Department of Education															
Passed Through State Department															
Education:															
General Fund:								7,828.03	(7,828.03)						
Medical Assistance Program	91.778		N/A	7/01/15 - 6/30/16				7,828.03	(7,828.03)						
Total General Fund								7,828.03	(7,828.03)						
Passed-through State Department of Education:															
Special Revenue Fund:															
No Child Left Behind	84.010	S010A150020	NCLB102016	9/01/15 - 8/31/16	519,532.00		193,198.24	(497,111.43)						(303,915.19)	
Child Care	84.010	S010A150010	NCLB102015	9/01/14 - 8/31/15	532,212.00	(253,802.76)	29,367.74	(41,632.00)						(12,264.26)	
Title I, Part A, Carryover	84.367A	S367A150029	NCLB302016	9/01/15 - 8/31/16	41,632.00		2,689.26	(11,040.00)						(3,908.83)	
Title I, Part A, Teachers & Principals Training	84.367A	S367A150029	NCLB302015	9/01/14 - 8/31/15	47,247.00	(2,689.26)	7,131.17	(11,040.00)							
Title II, English Language Enhancement	84.365A	S365A150010	NCLB102016	9/01/15 - 8/31/16	11,040.00	(777.83)	21,701.00							(701.00)	
Title III, English Language Enhancement, Carryover	84.365A	S365A150010	NCLB102015	9/01/14 - 8/31/15	21,701.00		35,600.00	(701.00)						(342.00)	
Title III, English Language Enhancement, Carryover	84.365A	S365A150010	NCLB102015	9/01/14 - 8/31/15	21,701.00		35,600.00	(701.00)						(342.00)	
ID.E.A. Part B - Basic	84.027	S027A150100	IDEA535010	9/01/15 - 8/31/16	233,949.00		233,949.00	(233,861.60)						87.40	
ID.E.A. Part B - Basic Carryover	84.027	S027A150100	IDEA535009	9/01/14 - 8/31/15	232,782.00	(13,852.00)	13,852.00								
ID.E.A. Part B - Preschool	84.173	S173A150114	IDEA535006	9/01/15 - 8/31/16	10,920.00		3,327.66	(3,327.55)						(0.09)	
ID.E.A. Part B - Preschool Carryover	84.173	S173A150114	IDEA535006	9/01/14 - 8/31/15	12,173.00	(6,903.34)	6,903.34								
Total Special Revenue Fund					(271,753.19)		733,083.00	(787,673.78)						(320,342.97)	
Total Federal Financial Awards					\$ (291,423.34)		1,047,436.22	(7,828.03)						(334,839.59)	

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, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2016			MEMO	
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/ Interfund	Due to Grantor		Budgetary Receivable
State Department of Education														
General Fund:														
Categorical Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	328,572				328,572.00	(328,572.00)	-			(21,147.14)	328,572.00	
Categorical Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	693,629				693,629.00	(693,629.00)	-			(44,642.49)	693,629.00	
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	344,762				344,762.00	(344,762.00)	-			(22,189.14)	344,762.00	
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	700,622				700,622.00	(700,622.00)	-			(45,092.55)	700,622.00	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	10,650				10,650.00	(10,650.00)	-			(685.44)	10,650.00	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	10,650				10,650.00	(10,650.00)	-			(685.44)	10,650.00	
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	63,579				63,579.00	(63,579.00)	-				63,579.00	
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	76,289				76,289.00	(76,289.00)	-				76,289.00	
Nonpublic Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	9,630				9,630.00	(9,630.00)	-				9,630.00	
Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	9,564				24,270.00	(9,564.00)	(9,564.00)				9,564.00	
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	498,543				442,633.34	(482,855.61)	(40,222.27)				498,543.30	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	482,856				2,628,997.34	(2,657,393.61)	-			(134,442.20)	482,855.61	
Total General Fund				(97,479.00)	-	-			-				3,229,345.91	
Special Revenue Fund:														
Preschool Education Aid	15-495-034-5120-086	7/1/14-6/30/15	200,259	75,981.00			163,174.00	(75,981.00)	-				200,259.00	
Preschool Education Aid	16-495-034-5120-086	7/1/15-6/30/16	163,174				163,174.00	(82,531.89)	80,642.11			(16,404.80)	82,531.89	
Total Special Revenue Fund				75,981.00	-	-			-				282,790.89	
Capital Projects Fund:														
ROD Boiler Replacement	5350-040-14-1001-C04	Open	157,565				91,759.99	(342,074.85)	-					
ROD Roof Replacement	5350-040-14-1002-C04	Open	610,800				467,544.98	(104,781.50)	-					
ROD Gym HVAC Replacement	5350-040-14-1004-C04	Open	31,693				215,966.28	(4,220.04)	-					
ROD Emergency Generator	5350-040-14-1005-C04	Open	119,669				65,080.12	(451,076.39)	-					
Total Capital Projects Fund				(392,264.98)	-	-			-					
State Department of Agriculture Enterprise Fund:														
National School Lunch Program (State Share)	15-100-010-3350-023	7/1/14-6/30/15	3,883				292.46	(3,983.20)	(201.96)				3,883.00	
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/15-6/30/16	3,983				3,781.24	(3,983.20)	-				3,983.20	
Total Enterprise Fund				(292.46)	-	-			-				7,866.20	
Total State Financial Assistance				(414,055.44)	-	-	3,639,586.41	(3,271,166.09)	-			(150,847.00)	3,520,003.00	

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

City of Ventnor School District
Notes to the Schedules of Financial Assistance
June 30, 2016

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. The information included in this schedule is presented in accordance with the requirements of OMB Uniform Guidance and NJ OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

See the following schedules and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

City of Ventnor School District
Notes to the Schedules of Financial Assistance
June 30, 2016

	<u>General fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project 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	2,657,593.61	158,512.89	451,076.39	3,983.20	3,271,166.09
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	134,722.46	12,334.54			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(134,442.20)	(16,404.80)			
On behalf payments recognized for GAAP purposes but not included in the Schedule of Expenditures of State Financial Assistance	<u>1,164,484.00</u>				
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u><u>3,822,357.87</u></u>	<u><u>154,442.63</u></u>	<u><u>451,076.39</u></u>	<u><u>3,983.20</u></u>	<u><u>3,271,166.09</u></u>

City of Ventnor School District
Notes to the Schedules of Financial Assistance
June 30, 2016

	<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	\$ 7,828.03	787,673.78	261,733.27	1,057,235.08
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.				-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 7,828.03</u>	<u>787,673.78</u>	<u>261,733.27</u>	<u>1,057,235.08</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, 2016. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

**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, 2016**

Section I -- Summary of Auditor's Results

Financial Statement

Type of auditor's report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____	no
• Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> _____	no
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> _____	no

Federal Awards

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ yes	_____ <u>X</u> _____	no
--	-----------	----------------------	----

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____ 84.027 _____	_____ IDEA - Basic _____
_____ 84.173 _____	_____ IDEA - PreSchool _____
_____	_____
_____	_____
_____	_____

Dollar Threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____	yes	_____	no
--	----------------------	-----	-------	----

State Awards

Internal Control over major programs:

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

Type of auditor's report issued on compliance major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular 15-08

_____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	<u>State Aid Cluster</u>
<u>16-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>16-495-034-5120-084</u>	<u>Security Aid</u>
<u>16-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>16-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>16-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
_____	_____
_____	_____

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

\$ 750,000

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

**CITY OF VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

None

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

None

Status of Prior Year Findings

None