

**SCHOOL DISTRICT
OF
CITY OF VENTNOR**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

City of Ventnor Board of Education

Ventnor, New Jersey

For the Fiscal Year Ended June 30, 2018

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

City of Ventnor Board of Education

Ventnor, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

City of Ventnor Board of Education

Finance Department

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OF THE VENTNOR SCHOOL DISTRICT
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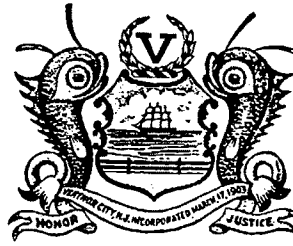
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INTRODUCTORY SECTION

Ventnor Educational Community Complex

Superintendent
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Business Administrator/Board Secretary
TERRI NOWOTNY
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January 23, 2019

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, 2018, 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 full-day three and four year old pre-school, 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, 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 2017-2018 fiscal year with an enrollment of 665 students. The following details the changes in the student enrollment of the district over the last seven years:

<u>Year</u>	<u>Enrollment</u>
2017 - 2018	665
2016 - 2017	698
2015 - 2016	753
2014 - 2015	778
2013 - 2014	817
2012 - 2013	872
2011 - 2012	905

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, 1997 and 2001. Summer 2010 consisted of renovation of the oldest portions of the facility to include a new roof, windows and new HVAC systems. 2015 included replacement of the emergency generator, boiler, gym HVAC and a section of the roof. Summer 2017 saw replacement of the last major section of roof and three HVAC units with additional HVAC replacements underway in 2018.

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 217 regular education and for 31 special education students to the high school during the 2017-18 school year at a tuition rate of \$18,212 and \$28,534 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 2018-2019 school year, the district will operate with a budget of \$21,511,853. 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 ESEA coordinator. The staff team employed by the district consists of 74 full or part-time certified instructional staff, 4 secretaries, 5 clerk typists, 16 full time support staff, and 21 part-time support personnel. The Child Study Team consists of a school social worker, a learning disabilities teacher consultant, a school psychologist, one full-time and one part-time speech therapist, and a part-time 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 (NJ Student Learning Standards), 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, 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 61.0% in October 2018. Our ESL (English as a Second Language) Program assists in supporting a complement of programs to meet the needs of all of our students.

3) **MAJOR INITIATIVES:** The Board of Education has endorsed many initiatives for the district. It continues its commitment to providing innovative opportunities to incorporate technology into the classroom setting and instruction. Students receive regular instruction in the use of technology. A majority of classrooms has 1-to-1 or access computers from mobile carts and HDTV's linked to the Internet for instructional purposes. Internet bandwidth was expanded to 1Gb and a new firewall/filter was installed. 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 2017-2018 school year, the district continued to move forward with web-based tools such as Office 365. These tools encourage collaboration as well as greater access resources outside the district for staff and students. The district moved forward with our 1-to-1 initiative with the addition of the 7th and 8th grade students. A new addition to the Middle School, A TV studio that incorporated the morning news and announcements. The goal is to further develop the studio for the districts multimedia projects. 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 continue to expand coverage throughout the building and outside. The district continues to be on the forefront of technology and exposure to latest educational resources.

Ventnor Elementary School was one of five schools in the State selected for the 2018 Innovations in Special Education award. Our Kindergarten through Grade 2 Multiply Disabled self-contained classroom uses the TEAM Pro program to teach and reach students through puppetry and music using authentic teaching methods and collaborative teaching approaches. This program addresses all educational, social, and behavioral needs within the general education curriculum, allowing the students to be fully integrated into the school community. This program also ties in with the District's Character Education Program and Positive Behavioral Supports.

The Superintendent attended training and expanded her role to include School Safety Specialist as required by the Department of Education. Initiatives to improve School Safety are being implemented in the 2017/18 school year and anticipated to expand for future years.

4) **FOR THE FUTURE:** The school district is presently in good financial condition. Major concerns include the continued increases in mandated expenditures that are not aided by funding from the state and reduced state aid, especially mid-year reductions. The City and Board have reduced the tax levy each of the last three years which ensures greater control over the budget and benefits the taxpayers, but these restrictions result in fiscally conservative decisions that may curtail programmatic growth and capital improvements.

The City has approved a bond for \$9,315,017 to cover capital projects for the next five years. Planned projects include field renovation, auditorium upgrades, parking lot renovations, auditorium upgrades, bathroom renovations, LED lighting and a storage building.

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 Superintendent, in cooperation with the Board of Education, and the Ventnor City Chief of Police, will **Develop Best Practices** in how schools can cooperatively work together with local law enforcement to ensure the safety of our students.

The district curricula review and revision supports the correlation to the New Jersey Common Core Curriculum Standards and the review is ongoing. 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.

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

5) **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.

6) **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, 2018.

7) **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.

8) **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.

9) **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.

10) **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.

11) **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Accounting firm of Nightlinger, Colavita & Volpa, PA, 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.

12) **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.

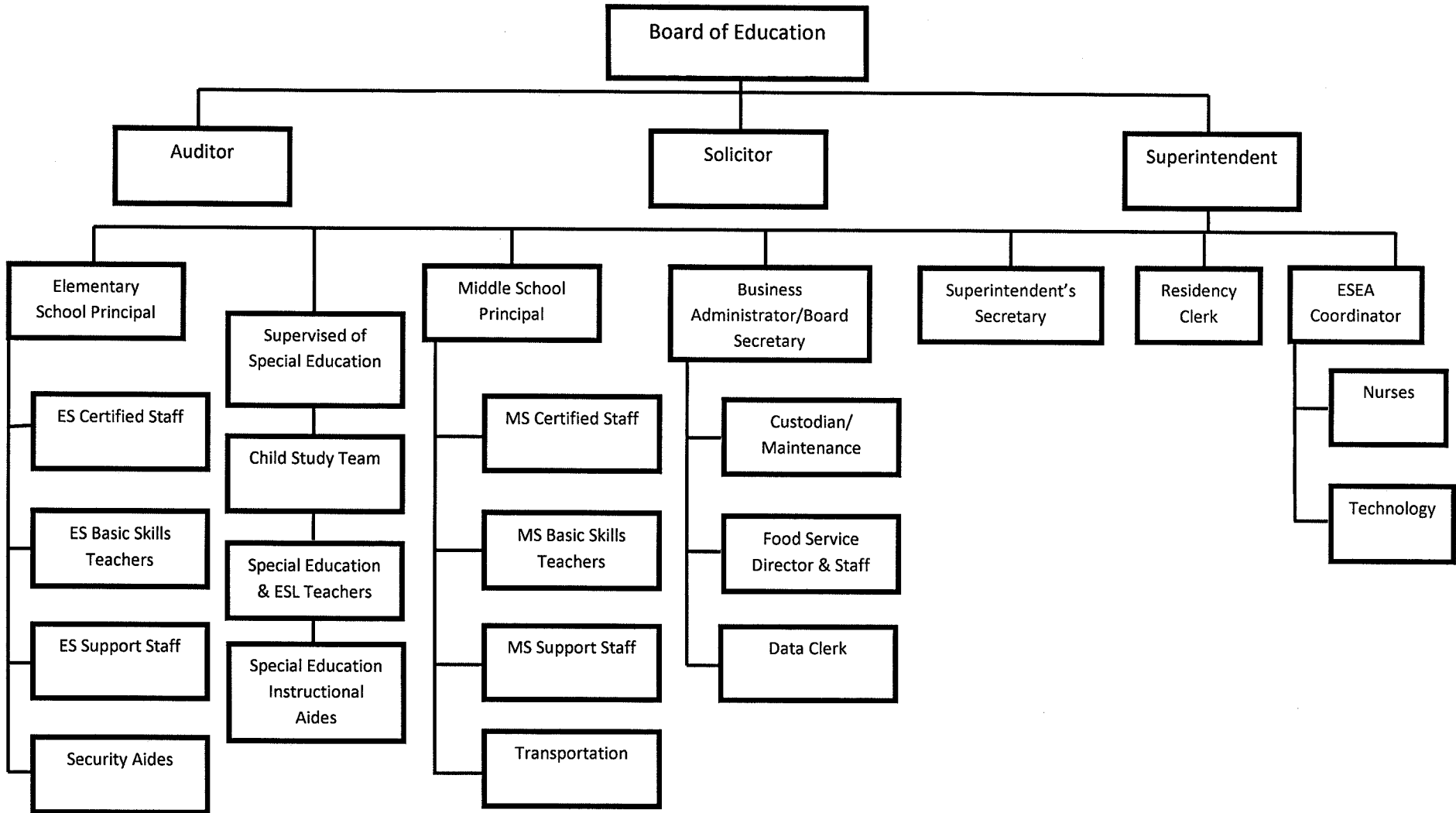
Respectfully submitted,

Eileen Johnson

Eileen Johnson
Superintendent

Terri Nowotny

Terri Nowotny
Board Secretary/ Business Administrator



CITY OF VENTNOR BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
James Pacanowski II, President	2019
Douglas Biagi, Vice President	2021
Michael Advena	2020
Albert Battaglia, Jr.	2020
Kimball Bassford	2020
Michael J. Hagelgans	2021
Vacancy	

<u>OTHER OFFICIALS</u>	<u>BOND AMOUNT</u>
Eileen Johnson, Superintendent / Treasurer	\$ 250,000
Terri Nowotny, School Business Administrator / Board Secretary	\$ 250,000
Adams, Gutierrez and Lattibourdere, Solicitors	

CITY OF VENTNOR BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

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FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Ventnor School District
County of Atlantic, New Jersey 08406

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and 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 fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Ventnor School District'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; and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 an 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 financial statement presentation.

We believe that 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ventnor Board of Education in the County of Atlantic, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable 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 management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions 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 School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 and the schedule of expenditures of federal awards and state financial assistance are 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2019 on our consideration of the City of Ventnor Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ventnor Board of Education's 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 Ventnor School District's internal control over financial reporting over compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
January 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Ventnor School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. 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 \$1,290,097. The increase is due to new capital projects expended during the current year, funded by the District and state aid.
- The State of New Jersey reimbursed the District \$479,885 during the fiscal year ended June 30, 2018 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 \$1,611,845 on behalf of the District for TPAF Pension and Disability 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, 2018, the District had excess fund balance in the amount of \$1,929,207, of which \$825,616 has been included in the 2018-2019 budget and the remaining \$1,103,591 will be included in the 2019-2020 budget.
- During the fiscal year ended June 30, 2018, the District's governmental fund revenues exceeded expenditures by \$349,999. This was mainly a result of decreased spending during the current year. During the prior fiscal year, revenues and special items exceeded expenditures by \$428,421.
- In the District's business-type activities, net assets increase \$7,364 due to revenues exceeding the costs of operation, as compared to the prior year of \$54,581.

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.

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 \$1,290,097 between fiscal years 2017 and 2018. The business-type activities net assets increased \$7,364 due to revenues in excess of operating costs.

	Governmental Activities		Business - Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and Other Assets \$	5,054,070	5,033,792	149,791	153,394	5,203,861	5,187,186
Capital Assets	18,962,359	18,446,199	37,650	18,053	19,000,009	18,464,252
Total Assets	24,016,429	23,479,991	187,441	171,447	24,203,870	23,651,438
LIABILITIES						
Long-term Liabilities	3,667,934	5,093,639			3,667,934	5,093,639
Other Liabilities	1,105,040	432,993	9,301	671	1,114,341	433,664
Total Liabilities	4,772,974	5,526,632	9,301	671	4,782,275	5,527,303
NET POSITION						
Inversted in Capital Assets	18,962,359	18,072,989	37,650	18,053	19,000,009	18,091,042
Restricted	3,376,600	3,090,306			3,376,600	3,090,306
Unrestricted	(3,095,504)	(3,209,936)	140,490	152,723	(2,955,014)	(3,057,213)
Total Net Position	\$ 19,243,455	17,953,359	178,140	170,776	19,421,595	18,124,135

Changes in net position. The total general fund revenue of the District increased by \$398,549, due to an increase in state aid of \$2,012,209, and tuition/transportation of \$88,818, offset by a decrease in operating grants and contributions of \$1,656,350, property taxes of \$28,962 and miscellaneous revenue of \$17,166. The local tax levy is 71.1% 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 16.8% 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. Governmental Activity revenue, net of charter school transfers and a fixed asset adjustment are as follows:

	2018		2017	
	Amount	Percentage	Amount	Percentage
Property Taxes	\$ 17,705,694	74.52%	17,734,656	72.46%
Unrestricted Federal and State Aid	1,273,779	5.36%	2,190,955	8.95%
Transportation	294,265	1.24%	181,661	0.74%
Tuition			23,786	0.10%
Miscellaneous	78,731	0.33%	95,897	0.39%
Operating Grants and Contributions	4,408,118	18.55%	4,247,639	17.36%
Total	\$ 23,760,587	100.00%	24,474,594	100.00%

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2018 and 2017 fiscal years.

	Governmental Activities		Business - Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues						
Charges for Services	\$ 294,265	205,447	139,121	168,330	433,386	373,777
Federal and State Grants	1,273,779	4,247,639	237,178	269,820	1,510,957	4,517,459
General Revenues						
Property Taxes	17,705,694	17,734,656			17,705,694	17,734,656
State Aid Entitlements	4,408,118	2,190,956			4,408,118	2,190,956
Miscellaneous	78,731	95,897			78,731	95,897
Total Revenues	<u>23,760,587</u>	<u>24,474,595</u>	<u>376,299</u>	<u>438,150</u>	<u>24,136,886</u>	<u>24,912,745</u>
EXPENSES						
Instruction:						
Regular	\$ 7,518,322	8,302,665			7,518,322	8,302,665
Special Education	1,439,153	1,522,699			1,439,153	1,522,699
Other Special Instruction	287,754	425,794			287,754	425,794
Other Instruction	52,574	49,586			52,574	49,586
Support Services:						
Instruction - Tuition	6,475,640	8,866,422			6,475,640	8,866,422
Student & Instruction Related Services	2,217,885	1,266,564			2,217,885	1,266,564
General Administrative	527,528	662,724			527,528	662,724
School Administrative	669,612	455,704			669,612	455,704
Business and Other Support Services	421,936	402,118			421,936	402,118
Plant Operations and Maintenance	1,366,676	1,258,626			1,366,676	1,258,626
Student Transportation	929,433	1,185,551			929,433	1,185,551
Interest Expense	37,424				37,424	
Other		535,342				535,342
Business-type Activities			367,900	380,242	367,900	380,242
Total Revenues	<u>21,943,937</u>	<u>24,933,795</u>	<u>367,900</u>	<u>380,242</u>	<u>22,311,837</u>	<u>25,314,037</u>
Excess (Deficiency) before:	1,816,650	(459,200)	8,399	57,908	1,825,049	(401,292)
Loss on Asset Disposal	(34,179)		(1,035)	(3,327)	(35,214)	(3,327)
Transfer to Charter School	(492,374)				(492,374)	
Increase (Decrease) in Net Position	<u>\$ 1,290,097</u>	<u>(459,200)</u>	<u>7,364</u>	<u>54,581</u>	<u>1,297,461</u>	<u>(404,619)</u>

Business-type Activities

Operating revenues of the District's business-type activities decreased by \$61,851 over the previous year and expenditures decreased by \$12,342.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$3,811,961, which is \$349,999 higher than the beginning of the year. This is mainly a result of the district completing their approved capital projects in the prior year.

General Fund Budgetary Highlights

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

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue was more than the budget by \$192,876. This is the result of miscellaneous revenue and extraordinary aid. With regard to expenditures, after adjusting for the Reimbursed TPAF Social Security Contribution, on-behalf TPAF Pension Contributions, actual expenditures were \$1,834,202 less than the budgeted appropriations. This is result of lower tuition, transportation, and maintenance costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had invested over \$19,000,009, 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		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 100,000	100,000			100,000	100,000
Construction in progress	1,493,248	49,359			1,493,248	49,359
Buildings and Improvements	17,124,872	18,012,598			17,124,872	18,012,598
Equipment	244,239	284,242	37,650	18,054	281,889	302,296
Total	\$ 18,962,359	18,446,199	37,650	18,054	19,000,009	18,464,253

Long-term Debt

The District's debt consisted of Compensated Absences and Net Pension Liability. The District is Type I and all other school debt is held by the City of Ventnor.

	<u>Balance</u> <u>June 30, 2017</u>	<u>Issued</u>	<u>Retired/ Adjusted</u>	<u>Balance</u> <u>June 30, 2018</u>
Obligations under Capital Lease	\$ 320,102		320,102	
Compensated Absences Payable	278,355		56,700	221,655
Net Pension Liability	4,495,182		1,048,903	3,446,279
Total	<u>\$ 5,093,639</u>		<u>1,425,705</u>	<u>3,667,934</u>

On July 12, 2018, the City of Ventnor adopted a School Bond Ordinance in the amount of \$9,315,071 for the purpose of funding general capital improvements and acquisition of various equipment for the City's schools.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 400 N. Lafayette Avenue, Ventnor, New Jersey 08406.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Cash Equivalents	\$ 2,278,144	\$ 123,365	\$ 2,401,509
Receivables, Net	234,670	22,122	256,792
Due from Other Governments	1,475,474		1,475,474
Restricted Assets:			
Inventory		4,304	4,304
Capital Assets, Net (Note 5):	18,962,359	37,650	19,000,009
Total Assets	<u>22,950,647</u>	<u>187,441</u>	<u>23,138,088</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	<u>1,065,782</u>		<u>1,065,782</u>
LIABILITIES			
Accounts Payable	157,292	4,671	161,963
Accrued Interest Payable			
Unearned Revenue	19,035	4,630	23,665
Net Pension Liability	3,446,279		3,446,279
Non-current Liabilities (Note 6):			
Due Within One Year	9,574		9,574
Due Beyond One Year	212,081		212,081
Total Liabilities	<u>3,844,261</u>	<u>9,301</u>	<u>3,853,562</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	<u>928,713</u>		<u>928,713</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	18,962,359	37,650	19,000,009
Restricted for:			
Capital Reserve	785,644		785,644
Maintenance Reserve	209,750		209,750
Excess Surplus	1,929,207		1,929,207
Other Purposes	451,999		451,999
Unrestricted (Deficit)	<u>(3,095,504)</u>	<u>140,490</u>	<u>(2,955,014)</u>
Total Net Position	<u>\$ 19,243,455</u>	<u>\$ 178,140</u>	<u>\$ 19,421,595</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 ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 5,818,071	\$ 1,700,251		\$1,011,657	\$ (6,506,665)		\$ (6,506,665)
Special Education	1,113,692	325,461			(1,439,153)		(1,439,153)
Other Special Instruction	222,679	65,075			(287,754)		(287,754)
Other Instruction	52,574				(52,574)		(52,574)
Support Services:							
Instruction - Tuition	5,011,189	1,464,451			(6,475,640)		(6,475,640)
Student & Instruction Related Services	1,716,316	501,569		262,122	(1,955,763)		(1,955,763)
General Administrative	408,229	119,299			(527,528)		(527,528)
School Administrative	518,181	151,431			(669,612)		(669,612)
Business and Other Support Services	326,516	95,420			(421,936)		(421,936)
Plant Operations and Maintenance	1,366,676				(1,366,676)		(1,366,676)
Student Transportation	929,433		294,265		(635,168)		(635,168)
Unallocated Employee Benefits	6,514,687	(6,514,687)					
Interest Expense	37,424				(37,424)		(37,424)
Total Governmental Activities	24,035,667	\$(2,091,730)	294,265	1,273,779	(20,375,893)		(20,375,893)
Business-type Activities:							
Food Service	351,612		117,920	237,178		3,486	3,486
After School Program	16,288		21,201			4,913	4,913
Total Business-type Activities	367,900		139,121	237,178		8,399	8,399
Total Primary Government	\$24,403,567		\$ 433,386	\$1,510,957	\$ (20,375,893)	\$ 8,399	\$ (20,367,494)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 17,705,694		\$ 17,705,694
Federal, State and Local Aid Not Restricted					4,408,118		4,408,118
Miscellaneous Income					5,736		5,736
Rents					72,995		72,995
Loss on Disposal of Assets					(34,179)	(1,035)	(35,214)
Transfers - To Charter School					(492,374)		(492,374)
Total General Revenues, Special Items, Extraordinary Items and Transfers					21,665,990	(1,035)	21,664,955
Change in Net Position					1,290,097	7,364	1,297,461
Net Position—Beginning					17,953,358	170,776	18,124,134
Net Position—Ending					\$ 19,243,455	\$ 178,140	\$ 19,421,595

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

CITY OF VENTNOR SCHOOL DISTRICT
(A Component of the City of Ventnor)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,037,284	\$ 99,210	\$ 428,138	\$ 1,564,632
Cash and Cash Equivalents - Capital Reserve	519,590			519,590
Cash and Cash Equivalents -Maintenance Reserve	209,750			209,750
Local School Tax Receivable	1,475,474			1,475,474
State Aid Receivable	97,677			97,677
Federal Aid Receivable		136,993		136,993
Interfunds Receivable	209,737		26,397	236,134
Total Assets	\$ 3,549,512	\$ 236,203	\$ 454,535	\$ 4,240,250
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 73,202	\$ 81,554	\$ 2,536	\$ 157,292
Interfund Payable	42,225	209,737		251,962
Unearned Revenue		19,035		19,035
Total Liabilities	115,427	310,326	2,536	428,289
Fund Balances:				
Restricted For:				
Excess Surplus	1,103,591			1,103,591
Excess Surplus - Designated for Subsequent Year's Expenditures	825,616			825,616
Maintenance Reserve Account	209,750			209,750
Capital Reserve Account	519,590			519,590
Capital Reserve Designated for Subsequent Year's Expenditures	266,054			266,054
Assigned To:				
Year-End Encumbrances	88,456		167,775	256,231
Designated for Subsequent Year's Expenditures	111,470			111,470
Committed			284,224	284,224
Unassigned, Reported In:				
General Fund Balance	309,558			309,558
Grant Fund Balance		(74,123)		(74,123)
Total Fund Balances	3,434,085	(74,123)	451,999	3,811,961
Total Liabilities and Fund Balances	\$ 3,549,512	\$ 236,203	\$ 454,535	

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 \$34,885,240 and the accumulated depreciation is \$15,922,881 (See Note 5)	18,962,359
Deferred Outflow of Resources - Deferred Pension Contribution.	1,065,782
Deferred Inflows of Resources - Pension Actuarial Gains.	(928,713)
Long Term Net Pension Liability	(3,446,279)
Long-term liabilities, including capital leases payable and Compensated Absences, are not due and payable in the current period and therefore are not reported as liabilities in the Governmental funds (see Note 6).	(221,655)
Net Position of Governmental Activities	\$ 19,243,455

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, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	\$ 17,705,694	\$	\$	\$ 17,705,694
Transportation Fees from Other LEAS	294,265			294,265
Rent	72,995			72,995
Interest Earned on Capital Reserve Funds	500			500
Interest Earned on Maintenance Reserve Funds	50			50
Miscellaneous	5,186			5,186
Total - Local Sources	<u>18,078,690</u>			<u>18,078,690</u>
State Sources	4,250,256	664,505		4,914,761
Federal Sources	18,890	757,399		776,289
Total Revenues	<u>22,347,836</u>	<u>1,421,904</u>		<u>23,769,740</u>
EXPENDITURES				
Current:				
Regular Instruction	4,401,443	1,011,657		5,413,100
Special Education Instruction	1,013,168			1,013,168
Other Special Instruction	203,917			203,917
Other Instruction	52,574			52,574
Support Services:				
Instruction - Tuition	4,588,963			4,588,963
Student & Instruction Related Services	1,331,669	262,122		1,593,791
General Administrative Services	373,833			373,833
School Administrative Services	474,521			474,521
Central Services	188,751			188,751
Admin Info Tech	110,254			110,254
Plant Operations and Maintenance	1,366,676			1,366,676
Student Transportation	929,433			929,433
Unallocated Employee Benefits	4,326,999	205,197		4,532,196
Capital Outlay	667,809	7,304	1,411,077	2,086,190
Total Expenditures	<u>20,030,010</u>	<u>1,486,280</u>	<u>1,411,077</u>	<u>22,927,367</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,317,826</u>	<u>(64,376)</u>	<u>(1,411,077)</u>	<u>842,373</u>
OTHER FINANCING SOURCES (USES)				
Transfers	(1,794,475)		1,794,475	
Transfers to Charter School	(492,374)			(492,374)
Total Other Financing Sources and Uses	<u>(2,286,849)</u>		<u>1,794,475</u>	<u>(492,374)</u>
Net Change in Fund Balances	30,977	(64,376)	383,398	349,999
Fund Balance—July 1 (Deficit)	3,403,108	(9,747)	68,601	3,461,962
Fund Balance—June 30 (Deficit)	<u>\$ 3,434,085</u>	<u>\$ (74,123)</u>	<u>\$ 451,999</u>	<u>\$ 3,811,961</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)
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, 2018

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 349,999

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	\$ (1,167,271)	
	Fixed Asset adjustment	(34,179)	
	Capital outlays	<u>1,717,610</u>	516,160

Repayment of Capital Leases is an expenditure in the Governmental Funds, whereas the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities 320,102

In the Statement of Activities, interest on Capital Leases is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. 3,750

Pension contributions are reported in governmental funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows, related to pension, changed during the period. 43,386

In the Statement of Activities, certain operating expenses, e.g. compensated absences 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 a reduction in this reconciliation (-) and when the paid amount exceeds the earned amount, the difference is an addition in this reconciliation (+) 56,700

Change in Net Position of Governmental Activities (A-2) **\$ 1,290,097**

PROPRIETARY FUNDS

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities - Enterprise Funds		
	Food Service	After School Program	Totals
	<hr/>	<hr/>	<hr/>
ASSETS			
Current Assets:			
Cash	\$ -	\$ 107,537	\$ 107,537
Accounts Receivable	22,122		22,122
Interfund Receivable	15,828		15,828
Inventory	4,304		4,304
	<hr/>	<hr/>	<hr/>
Total Current Assets	42,254	107,537	149,791
Non-current Assets			
Fixed Assets:			
Equipment	165,751		165,751
Less Accumulated Depreciation	(128,101)		(128,101)
	<hr/>	<hr/>	<hr/>
Total Fixed Assets	37,650		37,650
	<hr/>	<hr/>	<hr/>
Total Assets	79,904	107,537	187,441
LIABILITIES:			
Current Liabilities:			
Accounts Payable	4,671		4,671
Unearned Revenue	4,630		4,630
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	9,301		9,301
NET POSITION:			
Invested in Capital Assets Net of net of Accumulated Unrestricted	37,650		37,650
	32,953	107,537	140,490
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 70,603	\$ 107,537	\$ 178,140
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Fund		
	Food Service	After School Program	Total Enterprise
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 35,654	\$	\$ 35,654
Daily Sales - Non-Reimbursable Programs	77,191		77,191
Program Fees		21,201	21,201
Miscellaneous	5,075		5,075
Total Operating Revenue:	117,920	21,201	139,121
OPERATING EXPENSES:			
Salaries	152,873	15,162	168,035
Employee Benefits	44,624	1,116	45,740
Other Purchased Services	4,436		4,436
Other Costs	4,499	10	4,509
Cost of Sales - Reimbursable Programs	127,626		127,626
Cost of Sales - Non Reimbursable Programs	11,191		11,191
Depreciation	6,363		6,363
Total Operating Expenses	351,612	16,288	367,900
Operating Income (Loss)	(233,692)	4,913	(228,779)
NON-OPERATING REVENUES:			
State Sources:			
State School Lunch Program	3,223		3,223
Federal Sources:			
National School Lunch Program	163,569		163,569
National School Breakfast Program	48,453		48,453
National School Snack Program	4,340		4,340
Healthy Hunger Free Kids Act	3,566		3,566
Special Milk Program			
Food Distribution Program	14,027		14,027
Total Non-operating Revenues (Expenses)	237,178		237,178
Income (Loss) Before Contributions & Transfers	3,486	4,913	8,399
Gain/(Loss) from Disposals of Assets	(1,035)		(1,035)
Change in Net Position	2,451	4,913	7,364
Total Net Position—Beginning	68,152	102,624	170,776
Total Net Position—Ending	\$ 70,603	\$ 107,537	\$ 178,140

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, 2018

	Business-type Activities		
	Enterprise Funds		
	Food Service	After School Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 117,920	\$ 21,201	\$ 139,121
Payments to Employees	(152,873)	(15,162)	(168,035)
Payments for Employee Benefits	(44,624)	(1,116)	(45,740)
Payments to Suppliers	(116,668)	(103)	(116,771)
Net Cash Provided by (used for) Operating Activities	(196,245)	4,820	(191,425)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	3,223		3,223
Federal Sources	219,928		219,928
Net Cash Provided by (used for) Non-capital Financing Activities	223,151		223,151
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(27,096)		(27,096)
Sale of Equipment	100		100
Net Cash Provided by (used for) Capital and Related Financing Activities	(26,996)		(26,996)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends			
Net Cash Provided by (used for) Investing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	(90)	4,820	4,730
Balances—Beginning of Year	90	102,717	102,807
Balances—End of Year	\$ -	\$ 107,537	\$ 107,537
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (233,692)	\$ 4,913	\$ (228,779)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Depreciation and Net Amortization	6,363		6,363
Food Distribution Program	14,027		14,027
(Increase)/Decrease in Accounts Receivable, Net	1,995		1,995
(Increase)/Decrease in Interfund Receivable	4,789		4,789
(Increase)/Decrease in Inventory	1,550		1,550
Increase/(Decrease) in Accounts Payable		(93)	(93)
Increase/(Decrease) in Interfund Payable	4,093		4,093
Increase/(Decrease) in Deferred Revenue	4,630		4,630
Total Adjustments	37,447	(93)	37,354
Net Cash Provided by (used for) Operating Activities	\$ (196,245)	\$ 4,820	\$ (191,425)

Noncash Noncapital Financing Activities:

During the year, the District received \$16,605 of Food Commodities from the U. S. Department of Agriculture

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

FIDUCIARY FUNDS

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency Funds</u>	
	<u>Student</u>	
	<u>Activity</u>	<u>Payroll</u>
ASSETS		
Cash and Cash Equivalents	\$ 25,595	\$ 27,211
Total Assets	<u>\$ 25,595</u>	<u>\$ 27,211</u>
LIABILITIES		
Payroll Deductions and Withholdings	\$	\$ 27,208
Flexible Spending Account		3
Payable to Student Groups	<u>25,595</u>	
Total Liabilities	<u>\$ 25,595</u>	<u>\$ 27,211</u>

➤ 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)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018 of 665 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.

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.

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS:

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.

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.

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 schooldistrict.

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.

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:

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

FINANCIAL STATEMENT AMOUNTS

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.

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.

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.

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and was included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2018 is \$2,578.

As of June 30, 2018, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 3,564
Supplies	<u>740</u>
Total	<u>\$ 4,304</u>

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

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

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.

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

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 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 controls 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.

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are the major transfers made during the year.

	<u>To</u>	<u>From</u>
Salaries of Teachers		
Grades 1-5	\$ 33,322	
Grades 6-8		\$ 67,505
Special Education - Multiple Disabilities		
Other Salaries for Instruction	25,480	
Special Education - Resource Room		
Other Salaries for Instruction		24,662
Basic Skills/Remedial - Salaries of Teachers		27,740
Tuition to Other LEAs within State - Regular	22,469	
Tuition to Other LEAs within State -Special	26,123	
Tuition to CSSD & Regional Day Schools		155,197
Transportation - between Home and School - Vendors	115,509	
Required Maintenance - Cleaning and Maintenance		119,956
General Admin - Legistration	24,861	
Social Security Contributions	46,205	

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 yearend.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Tuition Payable

Tuition charges for the fiscal years 2017/18 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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.

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.

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.

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

New Accounting Standards:

The School District has adopted the following GASB statements:

- **GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.
- **GASB No. 85 - *Omnibus 2017*:** The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the School District.
- **GASB No. 86 - *Certain Debt Extinguishment Issues*:** The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to impact the financial statements of the School District.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB No. 83 - *Certain Asset Retirement Obligations*:** This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards (Continued):

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.
- GASB No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District's financial statements.

CITY OF VENTNOR SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards (Continued):

- *GASB No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period:* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.

- *GASB Statement - No. 90 - Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61:* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.

CITY OF VENTNOR SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2. INVESTMENTS

As of June 30, 2018, the District had no investments.

Interest Rate Risk

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

Credit Risk

New Jersey Statutes 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the 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, 2018, \$3,219,314 of the District's bank balance of \$3,719,314 was exposed to custodial credit risk.

CITY OF VENTNOR SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>7/1/2017</u>	<u>Additions</u>	<u>Transfer</u>	<u>Balance</u> <u>6/30/2018</u>
Governmental activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 100,000	\$	\$	\$ 100,000
Construction in progress	49,359	1,493,248	(49,359)	1,493,248
Total capital assets not being depreciated	<u>149,359</u>	<u>1,493,248</u>	<u>(49,359)</u>	<u>1,593,248</u>
Building and building improvements	32,329,434	163,343	930	32,493,707
Machinery & equipment	745,156	61,019	(7,890)	798,285
Totals at historical cost	<u>33,074,590</u>	<u>224,362</u>	<u>(6,960)</u>	<u>33,291,992</u>
Less accumulated depreciation for :				
Building and improvements	(14,316,836)	(1,066,249)	14,250	(15,368,835)
Machinery & equipment	(460,914)	(101,022)	7,890	(554,046)
Total accumulated depreciation	<u>(14,777,750)</u>	<u>(1,167,271)</u>	<u>22,140</u>	<u>(15,922,881)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>18,296,840</u>	<u>(942,909)</u>		<u>17,369,111</u>
Government activities capital assets, net	<u>\$ 18,446,199</u>	<u>\$ 550,339</u>	<u>\$ (34,179)</u>	<u>\$ 18,962,359</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 160,575	\$ 27,096	\$ (21,919)	\$ 165,752
Less accumulated depreciation for :				
Equipment	(142,522)	(6,363)	20,783	(128,102)
Business-type activities capital assets, net	<u>\$ 18,053</u>	<u>\$ 20,733</u>	<u>\$ (1,136)</u>	<u>\$ 37,650</u>

* Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 404,971
Special Education	93,220
Other Special Instruction	18,762
Instruction	422,226
Student & Instruction Related Services	122,525
School Administration Expenses	34,396
General & Business Administration	43,660
Business & Other Support Services	27,511
 Total Depreciation Expense	 <u>\$ 1,167,271</u>

CITY OF VENTNOR SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance 7/1/17	Additions	Reductions	Ending Balance 6/30/18	Amounts Due within One Year	Long-Term Portion
Governmental Activities:						
Obligations under Capital Lease	\$ 320,102		\$ 320,102	\$ -		\$ -
Compensated Absences Payable	278,355		56,700	221,655	9,574	212,081
Net Pension Liability	4,495,182		1,048,903	3,446,279		3,446,279
Total Liabilities	<u>\$ 5,093,639</u>		<u>\$ 1,425,705</u>	<u>\$ 3,667,934</u>	<u>\$ 9,574</u>	<u>\$ 3,658,360</u>
Business-Type Activities:						
Compensated Absences Payable	<u>\$</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

On July 12, 2018, the City of Ventnor adopted a capital ordinance for the purpose of providing Various Capital Improvements and Equipment for the Ventnor City Schools in the amount of \$9,315,071.

B. **Capital Leases**- 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 were used as the Districts share of the ROD grants. This lease was paid off as of June 30, 2018.

NOTE 6. PENSION PLANS

Description of Plans - All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) 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. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The following represents the membership tiers for PERS and TPAF:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$139,049 and \$134,836 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2018 was \$8,783,593. Payroll covered by PERS was \$1,175,547 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 86,285
District	<u>139,049</u>
Total	<u>\$ 225,334</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

Public Employees Retirement System					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2018	\$ 18,052	\$ 112,412	\$ 139,049	\$ N/A	\$ 139,049

CITY OF VENTNOR SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$3,446,279. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was 0.014805% which was a decrease of 0.00037% from its proportion measured as of June 30, 2016.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2018 PERS pension expense, with respect to GASB 68, was \$235,254. The District's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 81,148	\$
Changes of assumptions	694,306	691,761
Net difference between projected and actual earnings on pension plan investments	23,467	
Changes in proportion	127,812	236,952
Contributions subsequent to the measurement date	139,049	
Total	\$ 1,065,782	\$ 928,713

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</u>		<u>PERS</u>
2018	\$	30,288
2019		76,904
2020		21,234
2021		(118,858)
2022		(11,548)
Thereafter		
Total	\$	(1,980)

Additional Information - Collective Balances at June 30, 2018 and 2017 are as follows:

<u>Year</u>		<u>6/30/2018</u>		<u>6/30/2017</u>
Collective deferred outflows of resources	\$	1,065,782	\$	1,501,194
Collective deferred inflows of resources	\$	928,713	\$	223,772
Collective Net Pension Liability	\$	3,446,279	\$	4,495,182
District's Proportion		0.014805%		0.015178%

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6: PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - 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, 2017 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 6. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 4,275,343	\$ 3,446,279	\$ 2,755,566

Teachers' Pension and Annuity Fund

The TPAF was established as of January 1, 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 defined benefit pension 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.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contributions - The contribution policy set by N.J.S.A. 18A:66 requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

CITY OF VENTNOR SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (Continued)

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/18	\$ 979,174	100 %	\$ N/A
6/30/17	1,352,013	100	N/A
6/30/16	1,164,484	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$979,174 to the TPAF for pension contributions, \$632,428 for post-retirement benefits on behalf of the School, and \$243 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$479,885 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2018, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

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 additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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 a fair value.

Pension Expense - For the year ended June 30, 2018, the District recognized pension expense of \$3,061,751 and revenue of \$3,061,751 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

CITY OF VENTNOR SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
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NOTE 6. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate – As indicated, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (Continued)

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

CITY OF VENTNOR SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the School District was \$32,228,934. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.06008%. The total OPEB liability for the School District measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS
Inflation Rate	2.50%	2.50%
Salary Increases:	Based on	Based on
Through 2026	Years of Service	Age
Thereafter	1.55% - 4.55%	2.15% - 4.15%
	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

CITY OF VENTNOR SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2016 Measurement Date	\$ 34,744,093
Changes for the year:	
Service cost	1,167,833
Interest cost	1,013,316
Changes of benefit terms	
Differences between expected and actual	
Changes in assumptions or other inputs	(3,977,305)
Member contributions	27,488
Gross benefit payments	(746,491)
Net changes	(2,515,159)
Balance as of June 30, 2017 Measurement Date	\$ 32,228,934

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	At 1.00% Decrease	At Discount Rate	At 1.00% Increase
	2.58%	3.58%	4.58%
\$	63,674,362,200	53,639,841,858	45,680,364,953

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

		June 30, 2017		
		Healthcare Cost		
		Trend Rate		
1.00% Decrease			1.00% Increase	
\$	44,113,584,560	53,639,841,858	66,290,599,457	

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School District recognized OPEB expense of \$1,742,930. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		3,811,587
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion	2,786	
Contributions subsequent to the measurement date		
Total	\$ 2,786	\$ 3,811,587

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,	OPEB
2018	\$ 399,537
2019	399,537
2020	399,537
2021	399,537
2022	399,537
Thereafter	1,414,362
Total	\$ 3,412,047

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

NOTE 8. COMPENSATED ABSENCES

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

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

In the District-wide Statement of Net 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 9. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by T.S.A. Consulting, utilizing 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
GWN Securities
Syracusa
Amerprise
Metlife Associates
Prudential
AXA Equitable
Great American

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10. RISK MANAGEMENT

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

Property and Liability Insurance- The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2018 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 209,737	\$ 42,225
Special Revenue Fund		209,737
Capital Projects Fund	26,397	
Food Service Fund	15,828	
Total	\$ 251,962	\$ 251,962

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

NOTE 12. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation through the City of Ventnor to fund the District's operations. Property taxes funded 72.46% of the Districts 2016-2017 governmental operations.

NOTE 13. 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 109,700
Interest Earnings added	50
Excess Surplus Transfer by Board Resolution	100,000
Withdrawals:	
Per Approved Budget	
Board Resolution	
Total Withdrawals	_____
Ending Balance, June 30, 2018	<u>\$209,750</u>

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14. 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance July 1, 2017	\$ 1,185,144
Added by Resolution	600,000
Interest Earnings	500
Withdrawn	<u>(1,000,000)</u>
Ending Balance June 30, 2018	<u>\$ 785,644</u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund – Of the \$3,434,085 General Fund fund balance at June 30, 2018, \$88,456 is reserved for encumbrances; \$1,929,207 is reserved as excess surplus in accordance with *N.J.S.A.18A:7F-7* (\$825,616 of the total reserve for excess surplus has been appropriated and also included as anticipated revenue for the year ending June 30, 2019); \$209,750 has been reserved in the Maintenance Reserve Account; \$785,644 has been reserved in the Capital Reserve Account, of which \$266,054 has been appropriated and also included as anticipated revenue for the year ending June 30, 2019, \$111,470 has been has been appropriated and included as anticipated revenue for the year ending June 30, 2019 and \$309,558 is unrestricted and undesignated.

NOTE 16. 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, 2018 is \$1,929,207, of which \$825,616 has been appropriated and included as anticipated revenue for the year ended June 30, 2019 and \$1,103,591 must be budgeted in 2019-20.

CITY OF VENTNOR SCHOOL DISTRICT
(A COMPONENT UNIT OF THE CITY OF VENTNOR)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 17. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$(74,123) in the Special Revenue Fund as of June 30, 2018, 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 18. 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 effect on the accompanying financial statements.

NOTE 19. SUBSEQUENT EVENTS

The District has evaluated events through January 23, 2019, the date on which the financial statements were available to be issued and no additional items were noted for disclosure.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

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, 2018

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,705,694		\$ 17,705,694	\$ 17,705,694	\$ -
Transportation Fees From Other LEAs	181,965		181,965	294,265	112,300
Rents	72,765		72,765	72,995	230
Interest Earned on Capital Reserve	500		500	500	
Interest Earned on Maintenance Reserve	50		50	50	
Miscellaneous				5,186	5,186
Total - Local Sources	17,960,974		17,960,974	18,078,690	117,716
State Sources:					
Transportation Aid	330,385		330,385	330,385	
Special Education Aid	697,283		697,283	697,283	
Security Aid	344,749		344,749	344,749	
Adjustment Aid	700,622	(42,081)	658,541	658,541	
PARCC Readiness Aid	10,650		10,650	10,650	
Per Pupil Growth Aid	10,650		10,650	10,650	
Professional Learning Community Aid	9,690		9,690	9,690	
Emergency Aid		42,081	42,081	42,081	
Extraordinary Aid				60,939	60,939
Non-Public Transportation				13,630	13,630
On-behalf Pension Contribution				979,174	979,174
On-behalf TPAF Post Retirement Medical Contribution				632,428	632,428
On-behalf TPAF Long-Term Disability Contribution				243	243
Reimbursement TPAF Social Security				479,885	479,885
Total - State Sources	2,104,029		2,104,029	4,270,328	2,166,299
Federal Sources:					
Medicaid Reimbursement	18,299		18,299	18,890	591
Total - Federal Sources	18,299		18,299	18,890	591
TOTAL REVENUES	20,083,302		20,083,302	\$ 22,367,908	\$ 2,284,606
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 153,311	\$ -	\$ 153,311	\$ 14,539	\$ 138,772
Kindergarten	356,700		356,700	268,975	87,725
Grades 1-5	2,063,167	33,322	2,096,489	2,096,489	
Grades 6-8	1,899,621	(67,505)	1,832,116	1,784,444	47,672
Home instruction:					
Salaries of Teachers	6,000	220	6,220	4,472	1,748
Purchased Prof/Ed Services		4,880	4,880	240	4,640
Regular Programs - Undistributed - Instruction:					
Purchased Prof/Ed Services	5,000	(5,000)			
General Supplies	330,966	2,313	333,279	229,078	104,201
Textbooks	2,426		2,426	2,426	
Other Objects	6,900		6,900	780	6,120
Total Regular Programs	4,824,091	(31,770)	4,792,321	4,401,443	390,878

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, 2018

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENSES: (Continued)					
Special Education					
Multiple Disabilities:					
Salaries of Teachers	\$ 89,850	\$ 2,693	\$ 92,543	\$ 92,543	\$ -
Other Salaries for Instruction	70,529	25,480	96,009	96,009	
Purchased Professional - Educational Services	8,872	4,714	13,586	13,586	
General Supplies	8,522	(2,784)	5,738	5,738	
Total Multiple Disabilities	177,773	30,103	207,876	207,876	
Resource Room:					
Salaries of Teachers	673,968	(1,072)	672,896	658,421	14,475
Other Salaries for Instruction	215,833	(24,662)	191,171	146,668	44,503
General Supplies	5,660	(3,402)	2,258	203	2,055
Total Resource Room	895,461	(29,136)	866,325	805,292	61,033
Home Instruction - Special:					
Salaries of Teachers	12,000		12,000		12,000
Total Home Instruction - Special	12,000		12,000		12,000
TOTAL SPECIAL EDUCATION	1,085,234	967	1,086,201	1,013,168	73,033
Basic Skills/Remedial-Instruction:					
Salaries of Teachers	222,019	(27,740)	194,279	124,502	69,777
General Supplies	3,375	3,231	6,606	6,606	
Total Basic Skills/Remedial-Instruction	225,394	(24,509)	200,885	131,108	69,777
Bilingual Education-Instruction					
Salaries of Teachers	151,499		151,499	72,809	78,690
Total Bilingual Education-Instruction	151,499		151,499	72,809	78,690
School Sponsored Co-curricular Activities:					
Salaries	25,480	1,070	26,550	25,376	1,174
Purchased Services (300-500 Series)	500	(300)	200		200
Supplies and Materials	8,184	(770)	7,414	5,026	2,388
Other Objects	2,000		2,000	415	1,585
Total School Sponsored Co-curricular Activities	36,164		36,164	30,817	5,347
School Sponsored Athletics:					
Salaries	26,500		26,500	15,303	11,197
Purchased Services (300-500 Series)	3,000	280	3,280	2,977	303
Supplies and Materials	1,191	120	1,311	1,311	
Total School Sponsored Athletics	30,691	400	31,091	19,591	11,500
Summer School - Instruction:					
Salaries of Teachers	3,525	(454)	3,071		3,071
Total Summer School - Instruction	3,525	(454)	3,071		3,071
Other Alternate Education Programs - Instruction:					
Salaries of Teachers	2,112	54	2,166	2,166	
Total Other Alternate Education Programs - Instruction	2,112	54	2,166	2,166	
Total Instruction	6,358,710	(55,312)	6,303,398	5,671,102	632,296
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	2,600,564	22,469	2,623,033	2,606,119	16,914
Tuition - Other LEAs Within the State - Special	1,168,009	26,123	1,194,132	1,183,627	10,505
Tuition - Co Voc. School Dist. - Regular	369,349		369,349	369,349	
Tuition - Co Voc. School Dist. - Special	9,000		9,000	9,000	
Tuition - CSSD & Regional Day Schools	473,002	(155,197)	317,805	276,805	41,000
Tuition to Private Schools for the Disabled Within State	135,223	(13,547)	121,676	111,111	10,565
Tuition - State Facilities	32,952		32,952	32,952	
Total Undistributed Expenditures - Instruction	4,788,099	(120,152)	4,667,947	4,588,963	78,984

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, 2018

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENDITURES: (Continued)					
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 14,900	\$ -	\$ 14,900	\$ 14,900	\$ -
Supplies and Materials	150		150		150
Total Undistributed Expenditures - Attendance and Social Work	15,050		15,050	14,900	150
Health Services:					
Salaries	111,806	(4,800)	107,006	102,420	4,586
Purch Prof/ Tech Services	8,045	300	8,345	8,044	301
Supplies and Materials	4,645		4,645	4,264	381
Total Health Services	124,496	(4,500)	119,996	114,728	5,268
Speech, OT, PT & Related Services					
Salaries	155,065	(2,078)	152,987	152,987	
Purchased Professional - Educational Services	28,040	19,760	47,800	29,790	18,010
Total Related Services	183,105	17,682	200,787	182,777	18,010
Other Support Services - Students - Extra Services:					
Salaries	71,496	1,367	72,863	71,568	1,295
Purchased Prof Ed Services	186,730	5,461	192,191	187,086	5,105
Total Extra Services	258,226	6,828	265,054	258,654	6,400
Guidance:					
Salaries Other Professionals	125,080		125,080	111,615	13,465
Other Purchased Professional & Technical Services	3,000		3,000		3,000
Supplies and Materials	2,520	12	2,532	556	1,976
Other Objects	300		300		300
Total Guidance	130,900	12	130,912	112,171	18,741
Child Study Team					
Salaries of Other Professional Staff	305,959	(7,784)	298,175	267,002	31,173
Salaries Secr. & Clerical Asst.	50,662		50,662	50,662	
Purchased Professional - Educational Services	39,896	10,143	50,039	34,366	15,673
Supplies and Materials	3,432	2,141	5,573	5,365	208
Total Child Study Teams	399,949	4,500	404,449	357,395	47,054
Improv. Instruction Services/Other Support					
Salary of Supervisor of Instruction	78,517	2,460	80,977	80,484	493
Salaries of Other Professional Staff	675		675	440	235
Total Improvement of Instruction Services/Other Support	79,192	2,460	81,652	80,924	728
Educational Media Services/School Library:					
Salaries	191,668	(48)	191,620	177,081	14,539
Salaries of Technology Coordinators	920	250	1,170	50	1,120
Purchased Professional and Technical Services	11,576		11,576	11,380	196
Other Purchased Services	1,379		1,379	1,214	165
Supplies and Materials	21,069	48	21,117	17,737	3,380
Total Educational Media Services/School Library	226,612	250	226,862	207,462	19,400

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, 2018

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures:					
Instructional Staff Training Services					
Purchased Professional and Educational Services	\$ 150		\$ 150	\$ 75	\$ 75
Other Purchased Services (400-500 Series)	14,130	(2,460)	11,670	2,583	9,087
Total Inst. Staff Training Services	14,280	(2,460)	11,820	2,658	9,162
Support Services General Administration:					
Salaries	204,813	122	204,935	204,935	
Legal Services	40,000	24,861	64,861	61,352	3,509
Audit Fees	25,800		25,800	25,800	
Architectural/Engineering Services	6,000	1,407	7,407	6,704	703
Communication/Telephone	30,322	5,543	35,865	32,974	2,891
BOE Other Purchased Prof. Services	1,000	(299)	701	300	401
Other Purchased Services	19,868	(244)	19,624	16,825	2,799
General Supplies	2,625		2,625	2,592	33
BOE In-House Training/Meeting Supplies	1,000		1,000	706	294
Miscellaneous Expenditures	17,460	(4,609)	12,851	12,238	613
BOE Membership Dues and Fees	15,594	(6,187)	9,407	9,407	
Total Support Services General Administration	364,482	20,594	385,076	373,833	11,243
Support Services School Administration:					
Salaries of Principals/Assistant Principals	241,537	(14,117)	227,420	223,891	3,529
Salaries of Secretarial and Clerical Assistants	219,314	3,004	222,318	222,318	
Purchased Professional and Technical Services	10,604		10,604	10,604	
Other Purchased Services	800	100	900	593	307
Supplies and Materials	15,538	(3,004)	12,534	9,380	3,154
Other Objects	9,872	499	10,371	7,735	2,636
Total Support Services School Administration	497,665	(13,518)	484,147	474,521	9,626
Central Services:					
Salaries	149,870		149,870	147,495	2,375
Purchased Professional Services	37,228	(2,507)	34,721	30,508	4,213
Miscellaneous Purchased Services	5,350	(3,832)	1,518	400	1,118
Supplies and Materials	5,289	18	5,307	3,185	2,122
Interest on Lease Purchase Agreements		4,963	4,963	4,963	
Miscellaneous Expenditures	2,369		2,369	2,200	169
Total Central Services	200,106	(1,358)	198,748	188,751	9,997
Admin. Info. Technology:					
Salaries	71,013	(2,979)	68,034	68,034	
Purchased Professional Services	1,000	(600)	400		400
Other Purchased Services	23,188	13,941	37,129	37,129	
Other Purchased Services		5,091	5,091	5,091	
Total Admin. Info. Technology	95,201	15,453	110,654	110,254	400
Required Maintenance for School Facilities:					
Salaries	221,595		221,595	216,344	5,251
Cleaning, Repair and Maintenance Services	689,388	(119,956)	569,432	324,754	244,678
General Supplies	15,500	18,571	34,071	33,577	494
Total Required Maintenance for School Facilities	926,483	(101,385)	825,098	574,675	250,423

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, 2018

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Other Operation and Maintenance of Plant-Custodial Services:					
Salaries	\$ 3,186	\$ 925	\$ 4,111	\$ 4,111	\$ -
Cleaning, Repair and Maintenance Services	277,819	(236)	277,583	268,883	8,700
Insurance	113,526	(89)	113,437	89,578	23,859
General Supplies	65,727	(264)	65,463	55,335	10,128
Energy (Natural Gas)	100,000	18,384	118,384	97,264	21,120
Energy (Electricity)	280,000	(17,500)	262,500	240,390	22,110
Other Objects	1,500		1,500	1,080	420
Total Other Operation and Maintenance of Plant - Custodial	841,758	1,220	842,978	756,641	86,337
Undistributed Expenditures - Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	7,798	64	7,862	6,060	1,802
General Supplies	2,500	(64)	2,436		2,436
Total Care & Upkeep of Grounds	10,298		10,298	6,060	4,238
Undistributed Expenditures - Security:					
Salaries	56,182		56,182	19,585	36,597
Cleaning, Repair and Maintenance Services	11,172		11,172	8,398	2,774
General Supplies	2,500		2,500	1,317	1,183
Total Security	69,854		69,854	29,300	40,554
Total Operation and Maintenance of Plant Services	1,848,393	(100,165)	1,748,228	1,366,676	381,552
Interest on Maintenance Reserve	50		50		50
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Bet Home/School) - Vendor	738,518	115,509	854,027	822,754	31,273
Contracted Services (Not Bet Home/School) - Vendors	5,600	7,470	13,070	13,069	1
Contracted Services (Sp. Ed. Stds.) - Vendors	109,495	9,000	118,495	71,698	46,797
Contracted Services - Aid in Lieu of Payments - Nonpublic	27,404		27,404	21,912	5,492
Contracted Services - Aid in Lieu of Payments - Charter School	5,304	(2,709)	2,595		2,595
Total Student Transportation Services	886,321	129,270	1,015,591	929,433	86,158
Unallocated Employee Benefits:					
Social Security Contributions	117,540	46,205	163,745	127,458	36,287
Other Retirement Contributions - PERS	152,013	(12,964)	139,049	139,048	1
Unemployment Compensation	10,000	(10,000)			
Workers Compensation	97,814	4,242	102,056	102,056	
Health Benefits	1,946,963	17,413	1,964,376	1,823,913	140,463
Tuition Reimbursement	37,000	(10,550)	26,450	23,504	2,946
Other Employee Benefits	35,586	(16,296)	19,290	19,290	
Unused Sick Payments to Terminated/Retired Staff	20,000	(18,050)	1,950		1,950
Total Unallocated Employee Benefits	2,416,916		2,416,916	2,235,269	181,647
On-behalf TPAF Pension Contribution				979,174	(979,174)
On-behalf TPAF Post Retirement Medical Contribution				632,428	(632,428)
On-behalf TPAF Long-Term Disability Contribution				243	(243)
Reimbursement TPAF Social Security				479,885	(479,885)
Total Personal Services - Employee Benefits	2,416,916		2,416,916	4,326,999	(1,910,083)
Total Undistributed Expenditures	12,528,993	(45,104)	12,483,889	13,691,099	(1,207,210)
TOTAL EXPENDITURES - CURRENT EXPENSE	18,887,753	(100,416)	18,787,337	19,362,201	(574,864)

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, 2018

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CAPITAL OUTLAY:					
Increase in Capital Reserve	\$ 500	\$	\$ 500	\$	\$ 500
	500		500		500
Undistributed Expenditures:					
Instructional:					
Cap Lease Interest					
Lease Purchase Agreements - Principal		320,102	320,102	320,102	
Undistributed Expenditures - Required Maint for School Facilities	622,208	(320,102)	302,106	220,930	81,176
Total Equipment	622,208		622,208	541,032	81,176
Facilities Acquisition - Construction Services:					
Architectural/Engineering Services	197,500	(9,979)	187,521	76,847	110,674
Construction Services	1,924,942	(1,791,200)	133,742	8,756	124,986
Assessment for Debt Service on SDA Funding	41,174		41,174	41,174	
Total Facilities Acquisition and Construction Services	2,163,616	(1,801,179)	362,437	126,777	235,660
TOTAL CAPITAL OUTLAY	2,786,324	(1,801,179)	985,145	667,809	317,336
TOTAL EXPENDITURES	21,674,077	(1,901,595)	19,772,482	20,030,010	(257,528)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(1,590,775)	1,901,595	310,820	2,337,898	2,027,078
Other Financing Sources (Uses):					
Transfer of Capital Outlay to Capital Projects Fund		(794,475)	(794,475)	(794,475)	
Transfer of Capital Reserve to Capital Projects Fund		(1,000,000)	(1,000,000)	(1,000,000)	
Transfer to Charter School	(372,222)	(120,152)	(492,374)	(492,374)	
Total Other Financing Sources	(372,222)	(1,914,627)	(2,286,849)	(2,286,849)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,962,997)	(13,032)	(1,976,029)	51,049	2,027,078
Fund Balances, July 1	3,542,702		3,542,702	3,542,702	
Fund Balances, June 30	\$ 1,579,705	\$ (13,032)	\$ 1,566,673	\$ 3,593,751	\$ 2,027,078
RECAPITULATION:					
Restricted Fund Balance:					
Excess Surplus				\$ 1,103,591	
Excess Surplus - Designated for Subsequent Year's Expenditures				825,616	
Maintenance Reserve				209,750	
Capital Reserve				519,590	
Capital Reserve - Designated for Subsequent Year's Expenditures				266,054	
Assigned Fund Balance:					
Year-End Encumbrances				88,456	
Designated for Subsequent Year's Expenditures				111,470	
Unassigned Fund Balance				469,224	
				3,593,751	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(159,666)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,434,085	

**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, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources	\$	\$	\$	\$	\$
Federal Sources					
Title I	330,793	178,309	509,102	480,303	28,799
Title II	31,264	35,593	66,857	34,582	32,275
Title III	7,183	6,394	13,577	13,018	559
Title III - Immigrant	1,301	(12)	1,289	1,289	
Title IV		2,000	2,000	2,000	
I.D.E.A., Part B	187,802	23,878	211,680	211,680	
I.D.E.A., Part B Preschool Initiative	6,429	8,098	14,527	14,527	
	<u>564,772</u>	<u>254,260</u>	<u>819,032</u>	<u>757,399</u>	<u>61,633</u>
State Sources					
Preschool	86,248	659,641	745,889	728,655	17,234
Total Revenues	<u>651,020</u>	<u>913,901</u>	<u>1,564,921</u>	<u>1,486,054</u>	<u>78,867</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	266,627	395,970	662,597	640,732	21,865
Other Salaries for Instruction	41,043	86,319	127,362	127,361	1
Purchased Professional and Technical Services	5,000		5,000	5,000	
Other Purchased Professional Services	6,428	72	6,500	6,500	
Tuition		7,243	7,243	7,243	
Other Purchased Services (400-500 Series)	169,800	34,450	204,250	203,950	300
General Supplies	6,000	26,275	32,275	20,645	11,630
Total Instruction	<u>494,898</u>	<u>550,329</u>	<u>1,045,227</u>	<u>1,011,431</u>	<u>33,796</u>
Support Services					
Salaries	19,000	(1,967)	17,033	17,033	
Salaries of Principals		17,646	17,646	17,646	
Salaries of Other Professional Staff		27,198	27,198	27,198	
Personal Services - Employee Benefits	78,021	138,681	216,702	205,197	11,505
Purchased Professional & Technical Services	5,000	(5,000)			
Purchased Professional - Educational Services		100,087	100,087	100,087	
Other Purchased Professional Services		8,000	8,000	8,000	
Other Purchased Services	51,001	35,047	86,048	53,325	32,723
Contracted Field Trip Transportation		440	440	440	
Supplies and Materials	3,100	27,506	30,606	30,059	547
Other Objects		8,334	8,334	8,334	
Total Support Services	<u>156,122</u>	<u>355,972</u>	<u>512,094</u>	<u>467,319</u>	<u>44,775</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		7,346	7,346	7,050	296
Non-Instructional Equipment		254	254	254	
Total Facilities Acquisition and Construction Services		<u>7,600</u>	<u>7,600</u>	<u>7,304</u>	<u>296</u>
Total Expenditures	<u>651,020</u>	<u>913,901</u>	<u>1,564,921</u>	<u>1,486,054</u>	<u>78,867</u>
Other Financing Sources (Uses)					
Total Outflows	<u>651,020</u>	<u>913,901</u>	<u>1,564,921</u>	<u>1,486,054</u>	<u>78,867</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 22,367,908	[C-2] \$ 1,486,054
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	Prior Year	226
	Current Year	
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	139,594	9,747
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(159,666)	(74,123)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 22,347,836	[B-2] \$ 1,421,904
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 20,030,010	[C-2] \$ 1,486,054
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		226
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 20,030,010	[B-2] \$ 1,486,280

REQUIRED SUPPLEMENTARY INFORMATION
PART III

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
Schedules of Required Supplementary Information
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Public Employee's Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.014581%	0.015178%	0.016018%	0.016711%	0.014945%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,446,279	\$ 4,495,182	\$ 3,595,750	\$ 3,128,845	\$ 2,856,552
District's Covered-Employee Payroll	\$ 1,175,547	\$ 1,045,892	\$ 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	293.16%	429.79%	332.05%	283.96%	249.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
SCHEDULE OF THE DISTRICT CONTRIBUTIONS**

Public Employee's Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 139,049	\$ 135,620	\$ 137,713	\$ 137,767	\$ 112,617
Contributions in Relation to the Contractually Required Contribution	<u>(139,049)</u>	<u>(135,620)</u>	<u>(137,713)</u>	<u>(137,767)</u>	<u>(112,617)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 1,175,547	\$ 1,045,892	\$ 1,082,892	\$ 1,101,865	\$ 1,143,539
Contributions as a Percentage of Covered-Employee Payroll	11.83%	12.97%	12.72%	12.50%	9.85%

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
Schedules of Required Supplementary Information
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Teachers Pension Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.065551%	0.066391%	0.067570%	0.064478%	0.069027%
State's proportionate share of the Net Pension Liability (asset) associated with the District	\$ 44,197,100	\$ 42,706,874	\$ 36,100,658	\$ 34,461,363	\$ 34,885,514
District's Covered-Employee Payroll	\$ 6,681,950	\$ 6,846,185	\$ 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	661.44%	623.81%	528.95%	507.05%	528.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
SCHEDULE OF THE DISTRICT CONTRIBUTIONS**

Teachers' Pension Plan

The School District was not required to make any contributions towards
TPAF.

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

NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION PART III

CITY OF VENTNOR BOARD OF EDUCATION

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules**

For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Change of assumptions. 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. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 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.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Change of assumptions. 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 Projection Scale AA.

CITY OF VENTNOR SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 1,167,833
Interest	1,013,316
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(3,977,305)
Member contributions	27,488
Benefit payments	(746,491)
Net change in total OPEB liability	<u>(2,515,159)</u>
Total OPEB liability - beginning	<u>34,744,093</u>
Total OPEB liability - ending	<u>\$ 32,228,934</u>
Covered-employee payroll	<u>\$ 7,857,497</u>
Total OPEB liability as a percentage of covered-employee payroll	410.17%

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	NCLB					I.D.E.A. - Part B			Totals	
	Title I Part A	Title II A	Title III	Title III Immigrant	Title IV	Basic	Preschool	Preschool	2018	2017
	2017-18	2017-18	2017-18	2017-18	2017-18	2017-18	2017-18	2017-18	2018	2017
REVENUES:										
Federal Sources	\$ 480,303	\$ 34,582	\$ 13,018	\$ 1,289	\$ 2,000	\$ 211,680	\$ 14,527		\$ 757,399	\$ 740,138
State Sources								\$ 728,655	728,655	105,649
Other										
Total Revenues	480,303	34,582	13,018	1,289	2,000	211,680	14,527	728,655	1,486,054	845,787
EXPENDITURES:										
Instruction:										
Salaries of Teachers	325,417		7,137	981				307,197	640,732	367,364
Other Salaries for Instruction								127,361	127,361	48,983
Purchased Prof/Tech Services						5,000			5,000	8,474
Other Purchased Professional Services							6,500		6,500	
Tuition							7,243		7,243	
Other Purchased Services (400-500 Series)						203,200		750	203,950	211,726
General Supplies	250		4,838			2,798	784	11,975	20,645	14,380
Textbooks										
Total Instruction	325,667		11,975	981		210,998	14,527	447,283	1,011,431	650,927
Support Services:										
Salaries	17,033								17,033	18,233
Salaries of Principals								17,646	17,646	
Salaries of Other Professional Staff								27,198	27,198	
Personal Services - Employee Benefits	109,876			308				95,013	205,197	128,891
Purchased Prof/Tech Services										250
Purchased Prof/Educational Services								100,087	100,087	
Other Purchased Professional Services								8,000	8,000	
Other Purchased Services (400-500 Series)	19,378	25,746	1,043					7,158	53,325	44,430
Contracted Field Trip Transportation								440	440	
Supplies and Materials	8,349	8,836			2,000	682		10,192	30,059	33,056
Other Objects								8,334	8,334	
Total Support Services	154,636	34,582	1,043	308	2,000	682		274,068	467,319	224,860
Facilities Acquisition/Construction:										
Instructional Equipment								7,050	7,050	
Non-Instructional Equipment								254	254	
Total Facilities Acquisition/Construction								7,304	7,304	
Total Expenditures	\$ 480,303	\$ 34,582	\$ 13,018	\$ 1,289	\$ 2,000	\$ 211,680	\$ 14,527	\$ 728,655	\$ 1,486,054	\$ 875,787

**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, 2018**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 314,660	\$ 307,197	\$ 7,463
Other Salaries for Instruction	127,361	127,361	
Other Purchased Services	1,050	750	300
General Supplies	21,150	11,975	9,175
Total instruction	<u>464,221</u>	<u>447,283</u>	<u>16,938</u>
Support services:			
Salaries of Principals	17,646	17,646	
Salaries of Other Professional Staff	27,198	27,198	
Personal Services - Employee Benefits	95,013	95,013	
Purchased Professional Educational Services	100,087	100,087	
Other Purchased Professional Services	8,000	8,000	
Other Purchased Services	7,158	7,158	
Contracted Field Trip Transportation	440	440	
Supplies and materials	10,192	10,192	
Other Objects	8,334	8,334	
Total support services	<u>274,068</u>	<u>274,068</u>	
Facilities Acquisition and Construction:			
Instructional Equipment	7,346	7,050	296
Non-Instructional Equipment	254	254	
	<u>7,600</u>	<u>7,304</u>	<u>296</u>
Total expenditures	<u>\$ 745,889</u>	<u>\$ 728,655</u>	<u>\$ 17,234</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2017-18 Preschool Education Aid Allocation	\$ 741,228
Add: Actual ECPA/PEA Carryover (June 30, 2017)	4,661
Add: Budgeted Transfer from the General Fund 2017-2018	
Total Preschool Education Aid Funds Available for 2017-2018 Budget	<u>745,889</u>
Less: 2017-2018 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(745,889)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	<u>-</u>
Add: June 30, 2018 Unexpended Preschool Education Aid	17,234
2017-2018 Carryover - Preschool Education Aid Programs	<u>\$ 17,234</u>
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2018-19	<u>\$ -</u>
Note: Since the 2017-18 Actual Carryover is more than the amount budgeted in 2018-19, the District should consider revising the 2018-19 Budget or appropriating this amount in the 2019-20 School Year Preschool Education Program Budget by amendment.	<u>\$ 17,234</u>

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Encumbered</u>	<u>Unexpended Balance June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>		
School Windows, Roof and Other Exterior Replacement:	2017-18	\$ 1,863,076	\$	\$ 1,411,077	\$ 167,775	\$ 284,224
		\$	\$	\$	\$ 167,775	\$ (167,775)
Encumbered Local Share		\$ 1,863,076	\$	\$ 1,411,077	\$	\$ 451,999
		\$ 1,863,076	\$	\$ 1,411,077	\$ 167,775	\$ 284,224

EXHIBIT F-2

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 YEAR ENDED JUNE 30, 2018

**Revenues and Other Financing
Sources**

Transfer from Capital Reserve Funds	\$ 1,000,000
Transfer from Capital Outlay	794,475

Total Revenues	<u>1,794,475</u>
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Expenditures and Other Financing Uses

Architectural Costs	60,457
Construction Services	1,350,620

Total Expenditures	<u>1,411,077</u>
--------------------	------------------

Excess (Deficiency) of Revenues Over (Under) Expenditures	383,398
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Fund Balance - Beginning	68,601
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Fund Balance - Ending	<u><u>\$ 451,999</u></u>
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CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES
PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Designated Fund Balance	\$	\$ 68,601	\$ 68,601	\$ 68,601
Transfer from Capital Outlay		794,475	794,475	794,475
Transfer from Capital Reserve Funds		1,000,000	1,000,000	1,000,000
Total Revenues		1,863,076	1,863,076	1,863,076
Expenditures and Other Financing Uses				
Architectural Costs		73,100	73,100	76,392
Construction Services		1,505,752	1,505,752	1,786,684
Total Expenditures		1,578,852	1,578,852	1,863,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$ 284,224	\$ 284,224	\$ -
Additional Project Information:				
Total Projected Cost		\$2,011,321		
Percentage Completion		95%		
Original Target Completion Date		9/1/2017		
Revised Target Completion Date		12/31/2018		

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018 AND 2017

	<u>Food Service Enterprise Fund</u>	<u>After School Program</u>	<u>Totals</u>	
			<u>2018</u>	<u>2017</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$	107,537	\$ 107,537	\$ 102,807
Accounts Receivable:				
State	229		229	179
Federal	15,498		15,498	13,009
Other	6,395		6,395	10,928
Interfund Receivable	15,828		15,828	20,617
Inventory	4,304		4,304	5,854
Total Current Assets	<u>42,254</u>	<u>107,537</u>	<u>149,791</u>	<u>153,394</u>
Fixed Assets:				
Equipment	165,751		165,751	160,575
Accumulated Depreciation	<u>(128,101)</u>		<u>(128,101)</u>	<u>(142,522)</u>
Total Fixed Assets	<u>37,650</u>		<u>37,650</u>	<u>18,053</u>
Total Assets	<u>79,904</u>	<u>107,537</u>	<u>187,441</u>	<u>171,447</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	4,671		4,671	
Interfund Payable				671
Unearned Revenue	4,630		4,630	
Total Current Liabilities	<u>9,301</u>		<u>9,301</u>	<u>671</u>
NET POSITION:				
Invested in Capital Assets Net of Related Debt	37,650		37,650	18,053
Unrestricted	32,953	107,537	140,490	152,723
Total Net Position	<u>\$ 70,603</u>	<u>\$ 107,537</u>	<u>\$ 178,140</u>	<u>\$ 170,776</u>

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2018 AND 2017

	<u>Food Service Enterprise Fund</u>	<u>After School Program</u>	<u>Totals</u>	
			<u>2018</u>	<u>2017</u>
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 26,027	\$	\$ 26,027	\$ 31,802
School Breakfast Program	9,627		9,627	
Total Daily Sales - Reimbursable Programs	35,654		35,654	31,802
Daily Sales Non-Reimbursable Programs	77,191		77,191	82,766
Miscellaneous	5,075		5,075	3,873
Program Fees		21,201	21,201	49,889
Total Operating Revenue	117,920	21,201	139,121	168,330
OPERATING EXPENSES:				
Salaries	152,873	15,162	168,035	174,676
Employee Benefits	44,624	1,116	45,740	40,932
Other Purchases Services	4,436		4,436	4,423
Cost of Sales -Reimbursable Programs	127,626		127,626	112,588
Cost of Sales - Non Reimbursable Programs	11,191		11,191	32,340
Depreciation	6,363		6,363	4,697
Other Costs	4,499	10	4,509	10,586
Total Operating Expenses	351,612	16,288	367,900	380,242
Operating Income (Loss)	(233,692)	4,913	(228,779)	(211,912)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	3,223		3,223	3,466
Federal Sources:				
School Breakfast Program	48,453		48,453	53,442
National School Lunch Program	163,569		163,569	180,946
National School Snack Program	4,340		4,340	4,629
Healthy Hunger Free Kids Act	3,566		3,566	3,919
Special Milk Program				208
Food Distribution Program	14,027		14,027	23,209
Total Non-Operating Revenues	237,178		237,178	269,819
Net Income before Operating Transfers	3,486	4,913	8,399	57,907
Gain/(Loss) from Disposals of Assets	(1,035)		(1,035)	(3,327)
Net Income	3,486	4,913	8,399	57,907
Net Position - July 1	68,152	102,624	170,776	116,196
Net Position - June 30	\$ 70,603	\$ 107,537	\$ 178,140	\$ 170,776

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2018 AND 2017

	Food Service Enterprise Fund	After School Program	Totals	
			2018	2017
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 117,920	\$ 21,201	\$ 139,121	\$ 162,692
Payments to Employees	(152,873)	(15,162)	(168,035)	(215,516)
Payments for Employee Benefits	(44,624)	(1,116)	(45,740)	
Payments to Suppliers	(116,668)	(103)	(116,771)	(136,810)
Net Cash Provided by (Used for) Operating Activities	(196,245)	4,820	(191,425)	(189,634)
Cash Flows from Non-Capital Financing Activities				
State Sources	3,223		3,223	
Federal Sources	219,928		219,928	247,807
Return of Interfund				(27,614)
Net Cash Provided by (Used for) Operating Activities	223,151		223,151	220,193
Cash Flows from Capital and Related Financing Activities				
Purchases of Equipment	(27,096)		(27,096)	(5,898)
Sale of Equipment	100		100	
Net Cash Provided by (Used for) Capital and Related Financing Activities	(26,996)		(26,996)	(5,898)
Cash Flows from Investing Activities				
Net Cash Provided by (Used for) Investing Activities				
Net Increase (Decrease) in Cash and Cash Equivalents	(90)	4,820	4,730	24,661
Balances - Beginning of Year	90	102,717	102,807	78,146
Balances - End of Year	\$ -	\$ 107,537	\$ 107,537	\$ 102,807
Operating Income (Loss)	\$ (233,692)	\$ 4,913	\$ (228,779)	\$ (211,912)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	6,363		6,363	4,697
Food Distribution Program	14,027		14,027	23,208
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	1,995		1,995	(5,639)
(Increase)/Decrease in Interfund Receivable	4,789		4,789	
(Increase)/Decrease in Inventory	1,550		1,550	(659)
Increase/(Decrease) in Accounts Payable	4,093	(93)	4,000	671
Increase/(Decrease) in Unearned Revenue	4,630		4,630	
Total Adjustments	37,447	(93)	37,354	22,278
Net Cash Used by Operating Activities	\$ (196,245)	\$ 4,820	\$ (191,425)	\$ (189,634)

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments an/or other funds.

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

Payroll Fund – This agency fund is used to account for the payroll transactions of the School District.

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>Agency</u>		<u>Total</u>	
	<u>Student Activity</u>	<u>Payroll</u>	<u>2018</u>	<u>2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 25,595	\$ 27,211	\$ 52,806	\$ 121,051
Total Assets	<u>\$ 25,595</u>	<u>\$ 27,211</u>	<u>\$ 52,806</u>	<u>\$ 121,051</u>
LIABILITIES AND NET POSITION:				
Liabilities:				
Payroll Deductions and Withholdings		\$ 27,208	\$ 27,208	\$ 91,899
Due to Student Groups	25,595		25,595	28,637
Flexible Spending Reserve		3	3	515
Total Liabilities	<u>\$ 25,595</u>	<u>\$ 27,211</u>	<u>\$ 52,806</u>	<u>\$ 121,051</u>

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, 2018

	<u>Balance</u> <u>July 1,</u> <u>2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>6/30/18</u>	<u>Balance</u> <u>June 30,</u> <u>2018</u>
ELEMENTARY SCHOOLS					
ASSETS:					
Cash and Cash Equivalents	\$ 28,637	\$ 26,848	\$ 29,890	\$	\$ 25,595
Total Assets	<u>28,637</u>	<u>26,848</u>	<u>29,890</u>		<u>25,595</u>
LIABILITIES:					
Due to Student Groups	<u>28,637</u>	<u>26,848</u>	<u>29,890</u>		<u>25,595</u>
Total Liabilities	<u>\$ 28,637</u>	<u>\$ 26,848</u>	<u>\$ 29,890</u>	<u>\$</u>	<u>\$ 25,595</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, 2018

	<u>Balance</u> <u>7/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/18</u>
ASSETS:				
Cash and Cash Equivalents	\$ 92,413	\$ 9,392,945	\$ 9,458,147	\$ 27,211
Total Assets	<u>\$ 92,413</u>	<u>\$ 9,392,945</u>	<u>\$ 9,458,147</u>	<u>\$ 27,211</u>
LIABILITIES:				
Net Payroll	\$	\$ 5,149,716	\$ 5,149,716	\$
Payroll Deductions & Withholdings	91,898	4,236,929	4,301,619	27,208
Flexible Spending Account	515	6,300	6,812	3
Total Liabilities	<u>\$ 92,413</u>	<u>\$ 9,392,945</u>	<u>\$ 9,458,147</u>	<u>\$ 27,211</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2018

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding June 30, 2017</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2018</u>
				<u>Principal</u>	<u>Interest</u>				
Various Improvement	6/17/14	5 Years	1.61%	\$ 2,100,000	\$ 76,791	\$ 320,102		\$ 320,102	\$ -

STATISTICAL SECTION

CITY OF VENTNOR SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt \$	18,198,966	18,228,757	20,853,166	20,026,494	19,197,067	16,591,987	17,943,708	18,685,560	18,072,989	18,962,359
Restricted	973,217	755,525	429,412	562,931	901,500	694,732	1,945,538	2,703,759	3,090,306	3,376,600
Unrestricted	254,667	(346,336)	242,233	758,462	310,742	361,345	(1,707,095)	(2,976,762)	(3,209,936)	(3,095,504)
Total Governmental Activities Net Position	<u>19,426,850</u>	<u>18,637,946</u>	<u>21,524,811</u>	<u>21,347,887</u>	<u>20,409,309</u>	<u>17,648,064</u>	<u>18,182,151</u>	<u>18,412,557</u>	<u>17,953,359</u>	<u>19,243,455</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	52,869	41,357	29,896	47,717	32,996	23,887	20,370	20,179	18,053	37,650
Restricted										
Unrestricted	260,572	280,681	216,674	105,376	12,141	(25,920)	41,461	96,017	152,723	140,490
Total Business-Type Activities Net Position	<u>313,441</u>	<u>322,038</u>	<u>246,570</u>	<u>153,093</u>	<u>45,137</u>	<u>(2,033)</u>	<u>61,831</u>	<u>116,196</u>	<u>170,776</u>	<u>178,140</u>
District-Wide										
Invested in Capital Assets, Net of Related Debt	18,251,835	18,270,114	20,883,062	20,074,211	19,230,063	16,615,874	17,964,078	18,705,739	18,091,042	19,000,009
Restricted	973,217	755,525	429,412	562,931	901,500	694,732	1,945,538	2,703,759	3,090,306	3,376,600
Unrestricted	515,239	(65,655)	458,907	863,838	322,883	335,424	(1,665,634)	(2,880,745)	(3,057,213)	(2,955,014)
Total District-Wide Net Position	<u>\$ 19,740,291</u>	<u>18,959,984</u>	<u>21,771,381</u>	<u>21,500,980</u>	<u>20,454,446</u>	<u>17,646,030</u>	<u>18,243,982</u>	<u>18,528,753</u>	<u>18,124,135</u>	<u>19,421,595</u>

Source: CAFR Schedule A-1

**CITY OF VENTNOR SCHOOL DISTRICT
FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Restricted	\$		391,946	1,082,431	1,236,772	1,484,060	1,220,529	1,066,677	1,788,613	2,924,601
Committed			259,599	280,115	64,972	259,700	717,402	1,109,700	1,294,844	
Assigned			39,712	20,971	15,942	18,846	7,607	527,382	6,849	199,926
Unassigned			377,339	338,912	275,578	315,523	345,085	346,116	312,803	309,558
Reserved	1,402,608	755,525								
Unreserved	197,049	218,536								
Total General Fund	<u>1,599,657</u>	<u>974,061</u>	<u>1,068,596</u>	<u>1,722,429</u>	<u>1,593,264</u>	<u>2,078,129</u>	<u>2,290,623</u>	<u>3,049,875</u>	<u>3,403,109</u>	<u>3,434,085</u>
All Other Governmental Funds										
Assigned - Capital Projects Fund										167,775
Committed - Capital Projects Fund										284,224
Unassigned, Reported in:										
Special Revenue Fund	(19,905)	(19,905)	(19,860)	(13,477)	(21,681)	(20,026)	(12,335)	(16,405)	(9,747)	(74,123)
Capital Projects Fund							1,040,438	71	68,600	
Total All Other Governmental Funds	<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>(16,334)</u>	<u>58,853</u>	<u>377,876</u>

Source: CAFR Schedule B-1

CITY OF VENTNOR SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 15,755,683	16,686,417	17,142,480	17,483,143	17,483,143	17,483,143	17,819,977	17,819,977	17,734,656	17,705,694
Other Tuition	2,636		7,944		10,278	1,733	61,995	37,531	23,786	
Transportation	236,943	257,260	312,527	306,962	336,869	313,510	281,848	227,202	181,661	294,265
Rents and Royalties						12,874	69,950	54,571	70,775	72,995
Miscellaneous	77,664	61,223	592,306	31,866	10,628	75,316	58,464	159,902	25,122	5,736
State Sources	3,758,745	3,316,074	2,899,897	3,310,916	3,727,050	3,575,451	4,430,078	4,427,877	4,111,279	4,914,761
Federal Sources	1,341,192	1,326,038	1,094,212	1,072,943	839,858	1,029,303	818,079	795,502	777,295	776,289
Total Revenues	21,172,863	21,647,012	22,049,366	22,205,830	22,407,826	22,491,330	23,540,391	23,522,562	22,924,574	23,769,740
Expenditures										
Instruction										
Regular Instruction	5,703,983	5,945,871	5,744,215	5,277,796	5,712,690	5,636,593	5,643,169	5,576,035	5,769,282	5,413,100
Special Education Instruction	862,357	893,615	857,345	833,213	833,623	805,781	762,289	764,148	1,005,270	1,013,168
Other Special Instruction	616,511	509,073	514,316	603,538	609,215	491,320	462,304	319,593	264,255	203,917
Other Instruction	67,716	48,019	15,066	29,893	49,563	71,497	46,390	56,311	49,586	52,574
Nonpublic School Program	83,719	55,778	18,919							
Support Services										
Instruction	5,806,072	6,769,492	6,897,300	6,867,285	6,911,910	6,261,039	6,508,286	6,470,159	5,853,516	4,588,963
Student and Instruction Related Services	1,052,738	1,063,830	1,016,211	1,225,435	1,167,271	1,260,961	1,393,282	1,392,065	1,266,564	1,593,791
School Administrative Services	463,124	525,919	514,490	551,125	475,997	453,955	447,883	467,206	473,384	584,775
General Administrative Services	316,303	292,569	306,717	183,598	244,563	338,108	301,006	376,936	325,510	562,584
Business Administrative Services	346,882	261,186	253,972	1,062,692	954,699	1,115,446	1,192,807	1,116,532	1,258,626	
Plant Operations and Maintenance	1,161,554	1,139,793	1,073,398	858,547	950,934	926,819	933,246	951,348	901,615	1,366,676
Pupil Transportation	901,782	1,112,945	848,721	268,176	319,021	284,190	283,757	283,692	287,233	929,433
Unallocated Employee Benefits	3,442,848	3,542,686	3,845,234	3,749,443	4,252,280	3,835,173	3,971,506	3,968,158	4,343,245	4,532,196
Capital Outlay	299,641	656,612	4,007,701	122,079	63,439	578,946	2,398,512	1,422,259	698,070	2,086,190
Total Expenditures	21,125,230	22,817,388	25,913,605	21,632,820	22,545,205	22,059,828	24,344,437	23,164,442	22,496,156	22,927,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,633	(1,170,376)	(3,864,239)	573,010	(137,379)	431,502	(804,046)	358,120	428,418	842,373
Other Financing Sources (Uses)										
Capital Leases (non-budgeted)	111,493	156,325	124,887	64,061						
Cancellation of Prior Year Payable								12,490		
Cancellation of Prior Year Receivable								(127,921)		
Close Out Capital Projects								(527,874)		
(Increase)/Decrease in Emergency Reserve	(126,255)	126,255								
Transfer to/(from) Emergency Reserve	126,255	(126,255)								
Transfer to Charter School										(492,374)
(Increase)/Decrease in Maintenance Reserve	84,700	75,000								
Transfer to/(from) Maintenance Reserve	84,700	(75,000)								
Bond/Lease Proceeds		388,455	3,833,861	23,145		2,100,000				
Total Other Financing Sources (Uses)	111,493	544,780	3,958,748	87,206		2,100,000		(643,305)		(492,374)
Net Change in Fund Balances	\$ 159,126	(625,596)	94,509	660,216	(137,379)	2,531,502	(804,046)	(285,185)	428,418	349,999
Debt Service as a Percentage of Noncapital Expenditures										
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

CITY OF VENTNOR SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Transportation</u> <u>Fees</u>	<u>Rents and</u> <u>Royalties</u>	<u>Miscellaneous</u>	<u>Total</u>
2018	\$ 27,919	\$	\$ 294,265	\$ 72,995	\$ (22,183)	\$ 372,996
2017	8,951	23,786	181,661	70,775	16,171	301,344
2016	4,549	37,531	227,202	54,571	155,353	479,206
2015	4,251	61,995	281,848	69,950	54,213	472,257
2014	12,874	1,733	313,510	12,874	75,316	416,307
2013	10	10,278	336,869		10,628	357,785
2012	9,176		306,962		43,445	359,583
2011	24,508	7,944	312,517		567,808	912,777
2010	34,761		257,260		26,462	318,483
2009	34,336	2,636	236,943		43,328	317,243

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	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2018	\$ 37,900,300	\$ 1,892,074,100	\$ 74,836,100	\$ 1,428,400	\$ 16,352,400	\$ 2,022,591,300	\$ -	\$ 2,017,032,600	\$ 0.814	\$ 2,175,267,199
2017	37,900,300	1,886,825,600	74,836,100	1,428,400	16,352,400	2,017,342,800	-	2,017,342,800	0.813	2,099,867,597
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	2,245,034,455
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	2,306,008,699
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	2,354,489,177
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
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
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
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
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

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Estimate

**CITY OF VENTNOR SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)
(UNAUDITED)**

Year Ended June 30,	Ventnor School District			Overlapping Rates		
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	City of Ventnor	Atlantic County	Total
2018	\$ 0.844	\$ 0.070	\$ 0.914	\$ 1.121	\$ 0.599	\$ 2.634
2017	0.876	0.069	0.945	1.012	0.837	3.788
2016	0.754	0.059	0.813	1.012	0.846	3.799
2015	0.683	0.059	0.742	0.984	0.802	3.732
2014	0.717	0.060	0.777	0.998	1.255	4.113
2013	0.695	0.058	0.753	1.425	1.124	5.371
2012	0.677	0.056	0.733	1.497	1.073	5.300
2011	0.661	0.055	0.716	1.379	1.054	5.085
2010	0.639	0.061	0.700	1.347	1.041	5.034
2009	0.607	0.064	0.671	1.248	1.046	4.983

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 pre-budget year net budget by more than the spending growth limitation calculation.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

CITY OF VENTNOR SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Taxpayer</u>	<u>2018</u>		<u>2009</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Ventnor Loan LLC	\$ 12,509,900	0.62%	\$	
Taxpayer #1	4,754,800	0.24%		
Seascape Villa, LLC	4,417,300	0.22%		
Taxpayer #2	3,666,600	0.18%		NOT AVAILABLE
111 S. Cornwall Assoc. LLC	3,445,600	0.17%		
Taxpayer #3	3,237,000	0.16%		
Marshall, trustee alvin b	3,076,700	0.15%		
5806 Boardwalk LLC	3,063,000	0.15%		
Somerset Associates	1,926,100	0.10%		
Derby Partners	1,687,100	0.08%		
Total	\$ 41,784,100	2.07%	\$ -	0.00%

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	% of Levy	
2018	\$ 17,705,694	\$ 16,230,219	91.67%	\$ 1,475,475
2017	17,734,656	17,734,656	100.00%	
2016	17,819,977	17,819,977	100.00%	
2015	17,819,977	17,819,977	100.00%	
2014	17,483,143	17,483,143	100.00%	
2013	17,483,143	17,483,143	100.00%	
2012	17,312,812	17,312,812	100.00%	
2011	17,142,480	17,142,480	100.00%	
2010	16,686,417	16,686,417	100.00%	
2009	15,755,683	15,755,683	100.00%	

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

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, 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	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2009	\$ 12,076,000	\$ 230,485	\$	\$	\$ 12,306,485	2.637%	\$ 1,011
2010	11,025,000	106,821			11,131,821	2.730%	1,046
2011	13,173,000	172,915			13,345,915	3.157%	1,254
2012	12,163,000	117,641			12,280,641	2.855%	1,155
2013	11,123,000	106,445			11,229,445	2.591%	1,058
2014	10,053,000	2,164,650			12,217,650	2.760%	1,158
2015	8,763,000	1,694,548			10,457,548	2.330%	1,001
2016	7,638,000	744,454			8,382,454	1.824%	807
2017	6,093,000	320,102			6,413,102	1.443%	626
2018	4,875,000	-			4,875,000	1.044%	141

Source: District CAFR Schedules I-2

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

CITY OF VENTNOR SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 12,076,000	\$	\$ 12,076,000	0.45%	\$ 992
2010	11,025,000		11,025,000	0.42%	1,036
2011	13,173,000		13,173,000	0.50%	1,238
2012	12,163,000		12,163,000	0.47%	1,144
2013	11,123,000		11,123,000	0.44%	1,048
2014	10,053,000		10,053,000	0.41%	953
2015	8,763,000		8,763,000	0.36%	830
2016	7,638,000		7,638,000	0.32%	741
2017	6,093,000		6,093,000	0.38%	595
2018	4,875,000		4,875,000	0.29%	477

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-13.

If a District has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

CITY OF VENTNOR SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(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	\$ 29,396,897	100.00%	\$ 29,396,897
Other Debt			
Atlantic County as of December 31, 2017	155,902,988	7.04%	10,979,497
Subtotal, Overlapping Debt			40,376,394
CITY OF VENTNOR School District Direct Debt			b 4,875,000
Total Direct and Overlapping Debt			\$ 45,251,394

Sources: Camden County Board of Taxation

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 Commercial. 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.

b Type I School District Debt

**CITY OF VENTNOR SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized Valuation Basis	
	2017	\$ 2,175,267,199
	2016	2,173,553,649
	2015	2,280,364,462
		<u>[A] \$ 6,629,185,310</u>
	Average Equalized Valuation of Taxable Property	<u>[A/3] \$ 2,209,728,437</u>
	Debt Limit (3% of Average Equalization Value)	<u>[B] \$ 66,291,853 a</u>
	Net Bonded School Debt	<u>[C] 4,875,000</u>
	Legal Debt Margin	<u>[B-C] \$ 61,416,853</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>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 85,619,614	\$ 86,684,198	\$ 85,166,383	\$ 81,965,768	\$ 78,982,609	\$ 75,575,008	\$ 72,650,869	\$ 70,443,638	\$ 68,187,672	\$ 66,291,853
Total Net Debt Applicable to Limit	12,076,000	11,025,000	13,173,000	12,163,000	11,123,000	10,053,000	8,763,000	7,683,000	6,093,000	4,875,000
Legal Debt Margin	<u>\$ 73,543,614</u>	<u>\$ 75,659,198</u>	<u>\$ 16,503,752</u>	<u>\$ 69,802,768</u>	<u>\$ 67,859,609</u>	<u>\$ 65,522,008</u>	<u>\$ 63,887,869</u>	<u>\$ 62,760,638</u>	<u>\$ 62,094,672</u>	<u>\$ 61,416,853</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14%	13%	15%	4%	14%	13%	12%	11%	9%	7%

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

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

CITY OF VENTNOR SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2018 *	10,225	\$ 457,022,122	\$ 44,697	6.8%
2017	10,239	444,410,894	43,404	7.0%
2016	10,314	459,507,725	44,254	8.5%
2015	10,443	448,777,482	42,974	10.2%
2014	10,553	442,645,585	41,945	10.7%
2013	10,612	433,478,976	40,848	13.6%
2012	10,634	430,177,202	40,453	13.0%
2011	10,642	422,678,956	39,718	12.8%
2010	10,645	407,756,725	38,305	12.6%
2009	12,171	466,733,508	38,348	12.6%

Source:

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

^b Personal income

^c Per Capita

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

* Estimate

CITY OF VENTNOR SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	Percentage of Total <u>Employment</u>	<u>Employees</u>	Percentage of Total <u>Employment</u>
Not Available				

Source:

**CITY OF VENTNOR SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	66.0	61.0	59.5	59.0	58.0	59.5	54.5	57.0	57.0	61.0
Special Education	15.5	10.5	9.5	15.5	16.0	16.0	13.0	12.0	12.0	17.0
Other Special Education	11.5	12.0	10.0	5.5	2.0	2.0	2.0	2.0	2.0	2.0
Other Instruction	2.0	2.0	2.5	2.0	4.5	4.0	3.5	3.5	3.5	1.5
Support Services:										
Student & Instruction Related Service	15.5	23.5	24.5	19.0	19.5	17.5	24.5	22.0	22.0	22.5
General Administrative Services	2.5	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5
School Administrative Services	7.0	7.0	8.0	7.0	9.0	9.5	9.5	9.5	9.5	9.5
Business Administrative Services	5.5	5.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	2.5
Plant Operations and Maintenance	2.5	3.5	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Pupil Transportation	9.0	11.0								
Food Service	6.5	8.0	7.5	7.5	7.5	7.5	7.0	7.0	7.0	6.0
Child Care	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	144.0	146.5	130.5	125.5	127.0	126.5	124.5	123.5	123.5	129.0

Source: District Personnel Records

**CITY OF VENTNOR SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary/ Middle</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2018	665	\$ 20,841,177	\$ 31,340	0.0854	81	8.2:1	665	628	-10.50%	94.44%
2017	698	21,798,085	31,229	0.0816	83	8.5:1	695	661	-6.46%	95.11%
2016	753	21,742,182	28,874	0.0458	82	9:1	743	708	-3.63%	95.29%
2015	778	21,480,882	27,610	0.0501	86	9.5:1	771	731	-4.70%	94.81%
2014	817	21,480,882	26,292	0.0198	80	10:1	809	771	-5.60%	95.30%
2013	872	22,481,766	25,782	0.0847	77	12:1	857	808	-4.03%	94.28%
2012	905	21,510,741	23,769	0.1265	77	12:1	893	851	-5.90%	95.30%
2011	987	20,825,590	21,100	-0.0464	82	11:1	949	896	-2.06%	94.42%
2010	990	21,905,904	22,127	0.0019	86	10:1	969	909	-1.62%	93.81%
2009	943	20,825,589	22,084	0.0144	95	9:1	985	923	5.24%	93.71%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4

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

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

CITY OF VENTNOR SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>										
<u>Ventnor Educational Community</u>										
Complex (1969)										
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	943	990	987	905	872	817	778	753	698	665

Number of Schools at June 30, 2018
Elementary/Middle School - 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses.
Enrollment is based on the annual October District count.

CITY OF VENTNOR SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
City of Ventnor School	152,357	\$ 574,675	458,818	357,166	367,584	262,596	246,110	161,065	150,140	186,361	240,991
Total School Facilities		<u>574,675</u>	<u>458,818</u>	<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>
Other Facilities											
Grand Total		<u>\$ 574,675</u>	<u>458,818</u>	<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>

CITY OF VENTNOR SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
	School Package Policy		
	Property - Blanket Building & Contents	\$ 250,000,000	\$ 2,500
	Flood A & V Zones	25,000,000	500,000
	Extra Expense	50,000,000	
	Miscellaneous School Property	25,000,000	
	General Liability	\$5,000,000/Occur/Aggregate	
	Personal/Advertising Injury	5,000,000	
	Employee Dishonesty	500,000	1,000
	Forgery/Alterations	50,000	1,000
	Automobile Liability		
	Comprehensive Automobile Liability	5,000,000	
	Uninsured Motorist	\$15,000/PP / \$30,000/Accident	
	Medical Payments	10,000	
	School Board Legal	\$5,000,000/Occur/Aggregate	5,000
	Cyber Liability	2,000,000	10,000
	Excess Liability	5,000,000	
	Boiler & Machinery	100,000,000	2,500
	Flood Insurance		
	Property - Building	500,000	5,000
	Property - Contents	500,000	5,000
	Student Accident	1,000,000	
	Surety Bonds		
	Superintendent / Treasurer of School Monies	250,000	
	Board Secretary / Business Administrator	250,000	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
City of Ventnor School District
County of Atlantic, New Jersey 08406

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, 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, in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board of Education of the City of Ventnor School District's basic financial statements, and have issued our report thereon dated January 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ventnor Board of Education's internal control over financial reporting 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 the City of Ventnor Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ventnor Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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 City of Ventnor Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

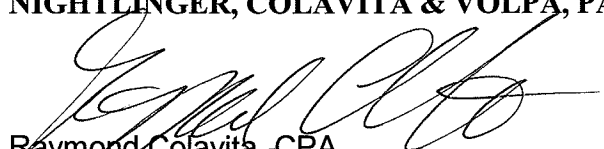
Purpose of this Report

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 City of Ventnor Board of Education'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.

This report is intended solely for the information and use of management, the City of Ventnor Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 23, 2019

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
City of Ventnor School District
County of Atlantic, New Jersey 08406

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the City of Ventnor School District, in the County of Atlantic, State of New Jersey, 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 School District's major federal and state programs for the year ended June 30, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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 the audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *New Jersey Treasury Circular OMB 15-08*. Those standards, *Uniform Guidance* and *New Jersey OMB 15-08*, 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 and 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. Our audit does not provide a legal determination of City of Ventnor Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the City of Ventnor School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the City of Ventnor School District's 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 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 a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 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.

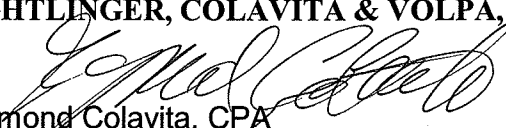
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled ***Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance*** dated January 23, 2019. 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 Uniform Guidance and New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the audit committee, management, the City of Ventnor Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,
NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 23, 2019

CITY OF VENTNOR SCHOOL DISTRICT
(A Component Unit of the City of Ventnor)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Table with columns: Federal Grantor/Pass-Through Grantor/Program Title, Federal CFDA Number, Federal FAIN Number, Grant or State Project Number, Program or Award Amount, Grant Period From To, Balance at June 30, July 1, 2017, Cash Received, Budgetary Expenditures Pass Through Funds, Budgetary Expenditures Direct, Total Budgetary Expenditures (A), Adjustment/Repayment of Prior Year Balance, and Balance at June 30, 2018 (Accounts Receivable, Unearned Revenue, Due to Grantor). Rows include U.S. Department of Education (Medicaid Assistance Program), U.S. Department of Agriculture (School Breakfast Program, National School Lunch Program, etc.), and U.S. Department of Education (Special Revenue Fund).

(A) There were no awards passed through to subrecipients.

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule. These funds were not audited in accordance with the Uniform Guidance since the total of all grant expenditures did not exceed \$750,000.

**CITY OF VENTNOR SCHOOL DISTRICT
 (A Component Unit of the City of Ventnor)
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - Schedule B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017			Cash Received	Budgetary Expenditures	Adjustment / Repayment of Prior Year Balance	Balance at June 30, 2018			MEMO	
			From	To	(Accounts Receivable)	Due To Grantor	Carryover Amount				(Accounts Receivable)	Unearned Revenue	Due To Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:															
General Fund:															
Special Education Aid	18-495-034-5120-089	697,283	7/1/17	6/30/18				\$ 644,369	\$ (697,283)		\$ (52,914)			* \$ (52,914)	\$ 697,283
Special Education Aid	17-495-034-5120-089	697,283	7/1/16	6/30/17	\$ (46,262)		46,262								
Transportation Aid	18-495-034-5120-014	330,385	7/1/17	6/30/18			305,313	(330,385)			(25,072)			* (25,072)	330,385
Transportation Aid	17-495-034-5120-014	330,385	7/1/16	6/30/17	(21,920)		21,920								
Security Aid	18-495-034-5120-084	344,749	7/1/17	6/30/18			318,587	(344,749)			(26,162)			* (26,162)	344,749
Security Aid	17-495-034-5120-084	344,749	7/1/16	6/30/17	(22,873)		22,873								
Adjustment Aid	18-495-034-5120-085	658,541	7/1/17	6/30/18			605,374	(658,541)			(53,167)			* (53,167)	658,541
Adjustment Aid	17-495-034-5120-085	700,622	7/1/16	6/30/17	(46,482)		46,482								
PARCC Readiness Aid	18-495-034-5120-098	10,650	7/1/17	6/30/18			9,842	(10,650)			(808)			* (808)	10,650
PARCC Readiness Aid	17-495-034-5120-098	10,650	7/1/16	6/30/17	(707)		707								
Per Pupil Growth Aid	18-495-034-5120-097	10,650	7/1/17	6/30/18			9,842	(10,650)			(808)			* (808)	10,650
Per Pupil Growth Aid	17-495-034-5120-097	10,650	7/1/16	6/30/17	(707)		707								
Prof Learning Comm Aid	18-495-034-5120-101	9,690	7/1/17	6/30/18			8,955	(9,690)			(735)			* (735)	9,690
Prof Learning Comm Aid	17-495-034-5120-101	9,690	7/1/16	6/30/17	(643)		643								
Emergency Aid	18-495-034-5120-	42,081	7/1/17	6/30/18			42,081	(42,081)						*	42,081
Extraordinary Aid	18-100-034-5120-044	60,939	7/1/17	6/30/18				(60,939)			(60,939)			*	60,939
Extraordinary Aid	17-100-034-5120-473	44,293	7/1/16	6/30/17	(44,293)		44,293								
Non-public Transportation Aid	18-495-034-5120-014	13,630	7/1/17	6/30/18				(13,630)			(13,630)			*	13,630
Non-public Transportation Aid	17-495-034-5120-014	10,628	7/1/16	6/30/17	(10,628)		10,628								
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	479,885	7/1/17	6/30/18			456,777	(479,885)			(23,108)			*	479,885
Reimbursed TPAF Social Security Contrib.	17-495-034-5094-003	493,388	7/1/16	6/30/17	(24,436)		24,436								
Total General Fund					(218,951)		2,620,091	(2,658,483)			(257,343)			(159,666)	2,658,483
Special Revenue Fund:															
Preschool Education Aid	18-495-034-5120-086	741,228	7/1/17	6/30/18			\$ 4,661	667,105	(728,655)		(74,123)	\$17,234		(74,123)	728,655
Preschool Education Aid	17-495-034-5120-086	96,421	7/1/16	6/30/17	(5,086)		(4,661)	9,747							
Total Special Revenue Fund					(5,086)		676,852	(728,655)			(74,123)	17,234		(74,123)	728,655
State Department of Agriculture:															
Enterprise Fund:															
School Lunch Prog.	17-100-010-3350-023	3,466	7/1/16	6/30/17	(179)			179							
School Lunch Prog.	18-100-010-3350-023	3,223	7/1/17	6/30/18			2,994	(3,223)			(229)			*	3,223
Total Enterprise Fund					(179)		3,173	(3,223)			(229)				3,223
Total State Financial Assistance Subject to OMB 15-08					\$ (224,216)		\$3,300,116	\$ (3,390,361)			\$ (331,695)	\$17,234		\$ (233,789)	\$ 3,390,361
State Financial Assistance Not Subject to OMB 15-08															
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	979,174	7/1/17	6/30/18			\$ 979,174	\$ (979,174)							
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	632,428	7/1/17	6/30/18			632,428	(632,428)							
On-Behalf Long-term Disability	18-495-034-5094-004	243	7/1/17	6/30/18			243	(243)							
Total State Financial Assistance							\$4,911,961	\$ (5,002,206)							

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

VENTNOR BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

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, Ventnor School District. The Board of Education is defined in Note 1 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 schedules 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 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey Treasury Circular 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-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$20,072) for the general fund and (\$64,150) for the special revenue fund. See Note A (Notes to Required Supplemental Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

VENTNOR BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018
(Continued)

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 18,890	\$ 4,250,256	\$ 4,269,146
Special Revenue Fund	757,399	664,505	1,421,904
Food Service Fund	233,955	3,223	237,178
Total Awards & Financial Assistance	<u>\$ 1,010,244</u>	<u>\$ 4,917,984</u>	<u>\$ 5,928,228</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: FEDERAL AND STATE LOANS OUTSTANDING

The Ventnor School District had no outstanding loans as of June 30, 2018.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. 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, 2018.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

NOTE 9: ADJUSTMENTS

There were adjustments totaling \$47,386 reflected on Schedule A of Federal Awards regarding cancellation of prior year receivables and no adjustments on Schedule B for State Financial Assistance.

CITY OF VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X 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 2 CFR section .516(a)? _____ yes X no

Identification of major programs:

CFDA Number(s)	<u>FAIN Number(s)</u>	Name of Federal Program or Cluster
10.553, 10.555	171NJ304N1099	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs (section .518): \$750,000

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

VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)

Section I - Summary of Auditor's Results (continued)

State Awards

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

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

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified that
are not considered to be material
weaknesses? _____ yes X 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 NJ OMB
Circular Letter 15-08 as applicable? _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-085	Adjustment Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-098	PARCC Readiness
18-495-034-5120-101	Professional Learning Community Aid

VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

Finding: N/A

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

VENTNOR SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS N/A

STATE AWARDS N/A

VENTNOR SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a) (b) and New Jersey OMB's Treasury Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS NONE