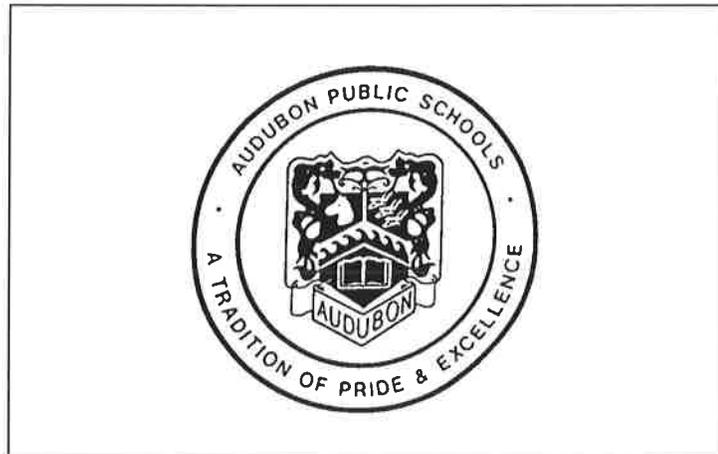


SCHOOL DISTRICT
OF
AUDUBON



Audubon Board of Education
Audubon, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

**Comprehensive Annual
Financial Report**

of the

Audubon Board of Education

Audubon, New Jersey

For the Fiscal Year Ended June 30, 2015

**Prepared by
Audubon Board of Education
Finance Department**

AUDUBON SCHOOL DISTRICT

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Introductory Section

**AUDUBON PUBLIC SCHOOLS
350 EDGEWOOD AVENUE
AUDUBON, NEW JERSEY 08106**

Steven C. Crispin
Superintendent of Schools
856-547-7695

November 27, 2015

Honorable President and Members of
The Audubon Board of Education
County of Camden
Borough of Audubon
350 Edgewood Avenue
Audubon, NJ 08106

Dear Board Members:

The comprehensive annual financial report of the Audubon School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, 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 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Not for Profit Organizations" and the state Treasury Circular Letter 04-04 and/or 15-08 OMB, "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 recommendation, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Audubon School district is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Audubon Board of Education and all its schools constitute the Districts reporting entity.

The school district consists of three schools - Mansion Avenue Elementary, Haviland Avenue Elementary and Audubon Junior-Senior High School. The district provides a full range of educational services appropriate to grade levels K-12. These include regular, vocational and special education programs. The Audubon school district also offers a pre-school program for handicap students. In 2011 the Audubon School District was approved to participate in the State's Inter-District Public School Choice Program. This program allowed students from other districts in the surrounding area to attend Audubon High School. Student admission was based on availability of space, and the district received state aid for each student enrolled. Currently the district enrolls one hundred and two students in this program

On June 30, 2009 the Audubon Park Board of education was dissolved, as the State of New Jersey took steps to eliminate all non-operating districts in the State. The Audubon Park students are now considered resident students of the district. The district still maintains a send-receiving with the Mount Ephraim school district for grades nine through twelve.

The district completed the 2014-2015 school year, with an average daily enrollment of 1,548 students. During the past few years enrollment has increased with our district's participation in the State'

Pupil Enrollments

SCHOOL YEAR	AVERAGE DAILY ENROLLMENT
2005-2006	1,629
2006-2007	1,567
2007-2008	1,524
2008-2009	1,498
2009-2010	1,482
2010-2011	1,440
2011-2012	1,402
2012-2013	1,409
2013-2014	1,410
2014-2015	1,548

2. ECONOMIC CONDITION AND OUTLOOK:

Audubon, a community of about 9,000 people, lies in the eastern portion of Camden County. This community of 1.2 square miles is comprised primarily of residential units and small retail businesses. It is a stable community with little room for additional development. The town, however, is currently experiencing a rebirth. Several new small businesses have opened and development of a major shopping center is now completed.

3. A SNAPSHOT OF OUR SCHOOLS

ELEMENTARY SCHOOLS

Both the Haviland Avenue School (K-2) and the Mansion Avenue School (3-6) have taken great strides in their efforts to infuse technology into the learning process. LCD Projectors and Smartboards have been installed in classrooms. Additionally, a number of iPads have been purchased. These purchases were a significant part of the district's Strategic Plan, initiated during the 2007-2008 school year. In addition, goals related to writing, transitioning students, increasing scores on standardized tests, and college preparedness continue to drive professional development, budgeting and curriculum development. During the 2014-2015 school year, the district began a one to one initiative for Chrome Books, beginning with Grade 6 at Mansion Avenue School

HIGH SCHOOL

Like the elementary schools the junior – senior high school continues to move forward in an effort to infuse technology into all instructional areas. The need to immerse our students in a technology rich learning environment is addressed as a goal in the district's Strategic Plan. In addition, goals related to writing, transitioning students, increasing scores on standardized tests and college preparedness have been established. This plan, in its third full year, continues to drive professional development, budgeting and curriculum development. The District began a one to one initiative for Chromebooks for grades seven and eight during this past year. We have continued with grade nine for the 2014-2015 school year and hope to complete the high school for grades ten through twelve in the 2015-2016 school year

BUILDINGS & GROUNDS

The Audubon Board of Education continues to place a great emphasis on proper maintenance of the facilities. The district continues to budget for Capital Projects each year and the Buildings & Grounds Committee meets on a regular basis with the administration to monitor the progress of the projects. The major project completed during the 2014-2015 school year was a new roof and two HVAC replacements at the Haviland Avenue School.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service 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.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

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 insurance on property and contents, and fidelity bonds.

11. OTHER INFORMATION:

a) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso

and Stewart, RMA/CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-128 and state Treasury Circular Letter 04-04 and/or 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is 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. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Audubon Board of Education 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,

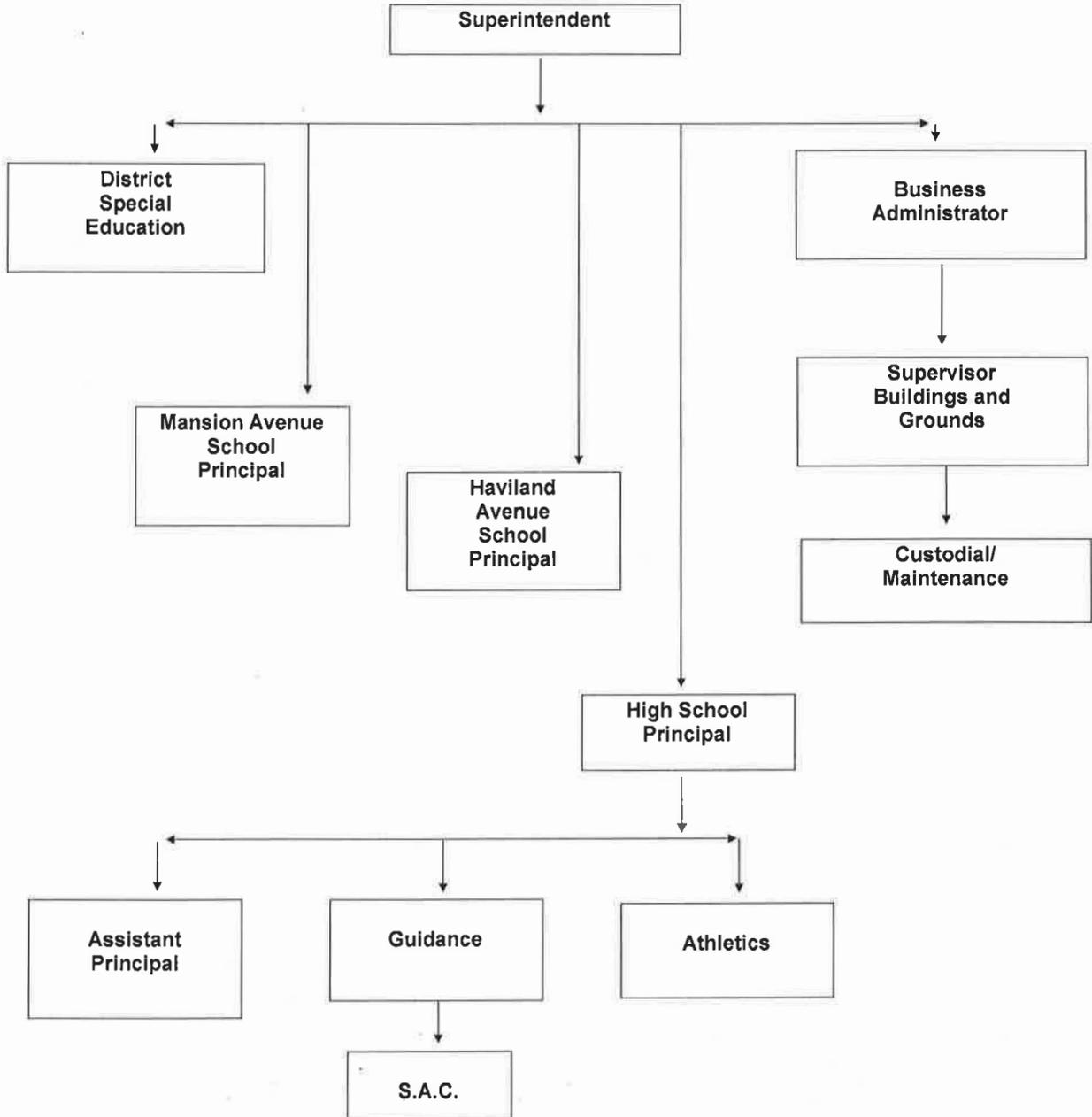


Steven C. Crispin
Superintendent



Robert Delengowski
Board Secretary

AUDUBON BOARD OF EDUCATION
Organizational Chart
(Unit Control)



AUDUBON SCHOOL DISTRICT

**Roster of Officials
June 30, 2015**

Members of the Board of Education:

Term Expires

Pat Yacovelli, President
Robert Lee, Vice President
Marianne Brown
Tara Sullivan-Butrica
Allison Cox
Ammie Davis
Jessica DiVietro
Cheryl Hauske
Gina Osinski
Joan Greenwood

2017
2016
2017
2015
2015
2016
2017
2015
2015
Mount Ephraim Representative

Other Officials:

Steven C. Crispin, Superintendent
Robert Delengowski, Business Administrator/Board Secretary
Mary Lynam, Treasurer
Frank Cavallo, Esq. Solicitor

**AUDUBON SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
651 Route 73 North, Suite 402
Marlton, NJ 08053

Attorney

Frank Cavallo, Esquire
Acting for Parker/ McCay
9000 Midlantic Drive, Suite 300
Mount Laurel, NJ 08054

Official Depository

Susquehanna Bank
40 South White Horse Pike
Audubon, NJ 08106

Financial Section

INVERSO & STEWART, LLC
Certified Public Accountants

651 Route 73 North, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
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E-Mail: iscpas@concentric.net

-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Audubon School District
County of Camden
Audubon, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Audubon School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that I 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 School District'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 School District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Audubon School District, in the County of Camden, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Audubon School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey OMB's Circular 04-04 and/or 15-08, as applicable, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules 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 my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 27, 2015 on my consideration of the Audubon School District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Audubon School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
November 27, 2015

INVERSO & STEWART, LLC
Certified Public Accountants

651 Route 73 North, Suite 402
 Marlton, New Jersey 08053
 (856) 983-2244
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-Member of-
 American Institute of CPAs
 New Jersey Society of CPAs

**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
 Audubon School District
 County of Camden
 Audubon, New Jersey

I 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 the *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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Audubon School District, in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated November 27, 2015.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Audubon School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no: 2015-001.

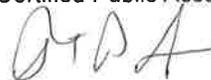
The Audubon School District's Response to Findings

The Audubon School District's response to the finding identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
November 27, 2015

Required Supplementary Information - Part I
Management's Discussion and Analysis

**Audubon School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

As management of the Board of Education of the Borough of Audubon, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$5,899,440 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$7,002,443. The accounting treatment in the governmental funds for compensated absences payable, net pension liability, accrued interest payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$214,637 or a 3.78% increase from the prior fiscal year-end balance. The majority of the reason for the increase was the payment of long-term liabilities.
- Fund balance of the School District's governmental funds decreased by \$289,025 resulting in an ending fund balance of \$286,189. The main reason for the decrease is results of operations in the general fund.
- Business-type activities have unrestricted net position of \$164,077, which may be used to meet the School District's ongoing obligations of the enterprise-related activities.
- The School District's long-term obligations decreased by \$352,228 which is the result of current year payments on existing debt obligations and the acquisition of a capital lease.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities consolidate the Food Service Fund, the Community Education Program Fund and the After School Program Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's three enterprise funds (Food Service Fund, Community Education Program Fund and After School Program Fund) are listed individually and are considered to be major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2016. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2016.

The assets of the primary government activities exceeded liabilities by \$5,720,805 with an unrestricted deficit balance of \$7,002,443. The net position of the primary government does not include internal balances.

A net investment of \$12,095,981 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's public school students. Net position of \$627,267 has been restricted as follows:

Restricted for Future Budget Appropriations	\$	85,637
Restricted for Future Capital Projects		30,677
Restricted for Future Debt Service Obligations		-
Restricted for Capital Reserve		115,413
Restricted for Subsequent Year's Budget		<u>395,540</u>
Total	\$	<u>627,267</u>

As mentioned earlier, the balance of the unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability and the last two state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

**Audubon School District
Comparative Summary of Net Position
As of June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current assets	\$ 2,026,848	\$ 2,595,467	\$ 89,346	\$ 91,712	\$ 2,116,194	\$ 2,687,179
Capital assets	20,640,354	20,456,568	14,558	18,548	20,654,912	20,475,116
Total assets	<u>22,667,202</u>	<u>23,052,035</u>	<u>103,904</u>	<u>110,260</u>	<u>22,771,106</u>	<u>23,162,295</u>
Deferred Outflows of Resources	<u>429,826</u>				<u>429,826</u>	<u>-</u>
LIABILITIES						
Current liabilities	2,825,892	2,830,218	(74,731)	(95,635)	2,751,161	2,734,583
Noncurrent liabilities	14,149,903	9,089,456			14,149,903	9,089,456
Total liabilities	<u>16,975,795</u>	<u>11,919,674</u>	<u>(74,731)</u>	<u>(95,635)</u>	<u>16,901,064</u>	<u>11,824,039</u>
Deferred Inflows of Resources	<u>400,428</u>				<u>400,428</u>	<u>-</u>
Net Position	<u>\$ 5,720,805</u>	<u>\$11,132,361</u>	<u>\$ 178,635</u>	<u>\$ 205,895</u>	<u>\$ 5,899,440</u>	<u>\$ 11,338,256</u>
Net Position Consists of:						
Net investment in Capital Assets	\$12,095,981	\$11,602,230	\$ 14,558	\$ 18,548	\$12,110,539	\$ 11,620,778
Restricted Assets	627,267	842,368			627,267	842,368
Unrestricted Assets	<u>(7,002,443)</u>	<u>(1,312,237)</u>	<u>164,077</u>	<u>187,347</u>	<u>(6,838,366)</u>	<u>(1,124,890)</u>
Net Position	<u>\$ 5,720,805</u>	<u>\$11,132,361</u>	<u>\$ 178,635</u>	<u>\$ 205,895</u>	<u>\$ 5,899,440</u>	<u>\$ 11,338,256</u>

Governmental Activities

Governmental activities increased the net position of the School District by \$241,897 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Long-term debt obligations were reduced by \$352,228 accounting for the majority of the increase in net position.

Business-type Activities

Business-type activities decreased the School District's net position by \$27,260. Key elements of the decrease in net position for business-type activities are as follows:

- The Food Service Fund operated at a loss of \$36,366 for this fiscal year before accounting for a transfer from the operating fund of \$20,000. The net position balance at June 30, 2015 for the food service fund was \$22,926.
- The Community Education Program Fund operated at a loss of \$15,041 for this fiscal year. The net position balance at June 30, 2015 for the community education program fund was \$127,643.
- The After School Fund operated at a profit of \$4,147 for this fiscal year. The net position balance at June 30, 2015 for the after school fund was \$28,066.

Audubon School District
Comparative Schedule of Changes in Net position
As of and for the Fiscal Year Ended June 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
Revenues:						
Charges for services	\$ 2,544,829	\$ 2,679,181	\$ 463,486	\$ 460,469	\$ 3,008,315	\$ 3,139,650
Operating grants and contributions	3,229,974	2,661,888	180,209	173,809	3,410,183	2,835,697
Property taxes	11,506,334	11,476,149			11,506,334	11,476,149
State aid - unrestricted	8,302,588	8,196,226			8,302,588	8,196,226
Other revenues	269,265	279,313	38	92	269,303	279,405
Total Revenues	25,852,990	25,292,757	643,733	634,370	26,496,723	25,927,127
Expenses:						
Governmental Activities:						
Instruction	10,614,441	10,447,282			10,614,441	10,447,282
Tuition	881,553	918,019			881,553	918,019
Related services	2,590,979	2,404,025			2,590,979	2,404,025
Administrative services	2,010,691	1,888,003			2,010,691	1,888,003
Operations and Maintenance	1,861,450	1,928,504			1,861,450	1,928,504
Transportation	410,566	366,696			410,566	366,696
Employee benefits	6,303,817	5,697,808			6,303,817	5,697,808
Interest on debt	256,000	274,846			256,000	274,846
Other	661,596	624,744			661,596	624,744
Business-Type Activities:						
Food Service			460,429	448,963	460,429	448,963
Community Education			114,221	101,462	114,221	101,462
After School Program			116,343	105,705	116,343	105,705
Total Expenses	25,591,093	24,549,927	690,993	656,130	26,282,086	25,206,057
Increase (Decrease) in Net						
Position before transfers	261,897	742,830	(47,260)	(21,760)	214,637	721,070
Transfers	(20,000)	(38,000)	20,000	38,000		
Change in Net Position	241,897	704,830	(27,260)	16,240	214,637	721,070
Net Position, July 1	5,478,908	10,427,531	205,895	189,655	5,684,803	10,617,186
Net Position, June 30	\$ 5,720,805	\$11,132,361	\$ 178,635	\$ 205,895	\$ 5,899,440	\$ 11,338,256

Financial Analysis of the Governmental Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$286,189, a decrease of \$289,025 in comparison with the prior year. Results of operations in the general fund are the main reason for the decrease.

The unreserved fund balance for the School District at the end of the fiscal year represents the unreserved deficit fund balance for the General Fund of \$341,078. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows, 1) appropriated as a revenue source in the subsequent year's budget (\$395,540), 2) reserved for capital projects expenditures (\$146,090), or reserved for future appropriation in accordance with state statutes (\$85,637).

The general fund is the chief operating fund of the School District. As discussed earlier, the deficit balance in the unreserved fund balance is due, primarily, to the accounting treatment of the June state aid payments as discussed in the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

Revenue in the special revenue fund is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated in the special revenue fund.

General Fund Budgetary Highlights

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$437,721, while total fund balance (budgetary basis) was \$1,034,311. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$24,171,836. Unreserved fund balance (budgetary basis) represents 1.81% of expenditures while total fund balance (budgetary basis) represents 4.28% of that same amount.

Capital Assets and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totaled \$20,654,912 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total increase in the School District's investment in capital assets for the current fiscal year was \$179,796.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense for the current fiscal year was \$734,497.
- Current year additions were \$914,293

Capital Assets (net of accumulated depreciation) June 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
Land	\$ 764,000	\$ 764,000	\$ -	\$ -	\$ 764,000	\$ 764,000
Const. in Progress						
Site Improvements	655,984	717,478			655,984	717,478
Building and Building Improvements	18,712,498	18,379,176			18,712,498	18,379,176
Equipment	507,872	595,914	14,558	18,548	522,430	614,462
Total	\$ 20,640,354	\$ 20,456,568	\$ 14,558	\$ 18,548	\$ 20,654,912	\$ 20,475,116

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2015, the School District had total bonded debt outstanding of \$7,920,000 backed by the full faith and credit of the School District. Additionally, the School District has long-term obligations for capital leases in the amount of \$624,373 and compensated absences balance of \$885,487 outstanding at the end of the current fiscal year.

General Obligation Bonds for the School District decreased by \$750,000, reflecting debt service payments made during the year.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$28,427,506 and the legal debt margin was \$20,507,506.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2015-2016 fiscal year.

- The 2015-2016 budget increased by \$415,233 (1.77%) over the previous year's budget. Of this increase, \$5,000 was generated by an increase in capital outlay expenditures. The general fund budget increased by \$410,233.
- In April 2011, the Audubon School District was chosen to participate in the Inter-District Public School Choice Program. This program has been very successful for the district. From a financial standpoint, the district received an increase of \$17,904, resulting in \$939,960 in state aid for these students for the 2015-16 school year. The additional revenue has allowed the district to enhance current programs, while maintaining the local tax rate at or below cap.
- The Audubon School District has committed itself to strong financial controls. The Business office continually monitors spending requests in relation to the district budget and is committed to review its business practices in order to maximize revenues and generate a budget surplus each year. Additionally, the district is looking to improve its use of technology in the coming years in an effort to meet all future educational challenges.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Audubon School District Business Administrator, 350 Edgewood Avenue, Audubon, New Jersey, 08106, telephone number (856) 547-1716.

Basic Financial Statements

District-Wide Financial Statements

AUDUBON SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 455,176	\$ 73,934	\$ 529,110
Receivables, net	1,456,259	1,832	1,458,091
Inventory		13,580	13,580
Restricted assets:			
Cash and cash equivalents	115,413		115,413
Capital assets, net (Note 5)	<u>20,640,354</u>	<u>14,558</u>	<u>20,654,912</u>
Total Assets	<u>22,667,202</u>	<u>103,904</u>	<u>22,771,106</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>429,826</u>		<u>429,826</u>
LIABILITIES:			
Accounts payable	536,860		536,860
Internal balance	75,000	(75,000)	
State aid anticipation note payable	778,799		778,799
Other liabilities	350,000	269	350,269
Accrued interest payable	110,458		110,458
Noncurrent liabilities:			
Due within one year	974,775		974,775
Due beyond one year	8,455,085		8,455,085
Net pension liability	<u>5,694,818</u>		<u>5,694,818</u>
Total Liabilities	<u>16,975,795</u>	<u>(74,731)</u>	<u>16,901,064</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>400,428</u>		<u>400,428</u>
NET POSITION:			
Net investment in capital assets	12,095,981	14,558	12,110,539
Restricted for:			
Capital projects	146,090		146,090
Other purposes	481,177		481,177
Unrestricted	<u>(7,002,443)</u>	<u>164,077</u>	<u>(6,838,366)</u>
Total Net Position	<u>\$ 5,720,805</u>	<u>\$ 178,635</u>	<u>\$ 5,899,440</u>

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

AUDUBON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 7,227,391	\$ 2,544,829	\$ 206,920	\$ -	\$ (4,475,642)	\$ -	\$ (4,475,642)
Special Education	2,207,045		340,475		(1,866,570)		(1,866,570)
Other instruction	1,180,005				(1,180,005)		(1,180,005)
Support Services:							
Tuition	881,553				(881,553)		(881,553)
Student & instruction related services	2,590,979		104,784		(2,486,195)		(2,486,195)
General administrative services	440,310				(440,310)		(440,310)
School administrative services	985,567				(985,567)		(985,567)
Central administrative services	584,814				(584,814)		(584,814)
Plant operations and maintenance	1,861,450		312,000		(1,549,450)		(1,549,450)
Pupil transportation	410,566				(410,566)		(410,566)
Unallocated employee benefits	6,303,817		2,265,795		(4,038,022)		(4,038,022)
Interest on long-term debt	256,000				(256,000)		(256,000)
Unallocated depreciation and amortization	661,596				(661,596)		(661,596)
Total Governmental Activities	<u>25,591,093</u>	<u>2,544,829</u>	<u>3,229,974</u>		<u>(19,816,290)</u>		<u>(19,816,290)</u>
Business-Type Activities:							
Food service	460,429	243,854	180,209			(36,366)	(36,366)
Community education program	114,221	99,142				(15,079)	(15,079)
After school program	116,343	120,490				4,147	4,147
Total Business-Type Activities	<u>690,993</u>	<u>463,486</u>	<u>180,209</u>			<u>(47,298)</u>	<u>(47,298)</u>
Total Primary Government	<u>\$ 26,282,086</u>	<u>\$ 3,008,315</u>	<u>\$ 3,410,183</u>	<u>\$ -</u>	<u>(19,816,290)</u>	<u>(47,298)</u>	<u>(19,863,588)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					10,518,831		10,518,831
Taxes levied for debt service					987,503		987,503
Federal and State aid not restricted					8,302,588		8,302,588
Miscellaneous Income					269,265	38	269,303
Special Items:							
Transfer					(20,000)	20,000	
Total general revenues, special items, extraordinary items and transfers					<u>20,058,187</u>	<u>20,038</u>	<u>20,078,225</u>
Change in Net Position					<u>241,897</u>	<u>(27,260)</u>	<u>214,637</u>
Net Position - July 1, 2014, as restated (Note 22)					<u>5,478,908</u>	<u>205,895</u>	<u>5,684,803</u>
Net Position - June 30, 2015					<u>\$ 5,720,805</u>	<u>\$ 178,635</u>	<u>\$ 5,899,440</u>

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

Fund Financial Statements

AUDUBON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 455,176	\$ -	\$ -	\$ -	\$ 455,176
Receivables, net:					
District tax levy	67,666			887,503	955,169
State aid	154,455		250,590		405,045
Federal aid		60,027			60,027
Other	36,018				36,018
Interfund	1,065,317				1,065,317
Restricted assets:					
Cash and cash equivalents	115,413				115,413
Total Assets	1,894,045	60,027	250,590	887,503	3,092,165
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	434,734	22,387	79,739		536,860
Interfund payable	425,000	37,640	140,174	887,503	1,490,317
State aid anticipation note payable	778,799				778,799
Total Liabilities	1,638,533	60,027	219,913	887,503	2,805,976
Fund Balances:					
Restricted for:					
Excess surplus	85,637				85,637
Excess surplus - designated for subsequent year's budget	192,856				192,856
Capital reserve	115,413				115,413
Assigned to:					
Subsequent year's budget	202,684				202,684
Unassigned	(341,078)		30,677		(310,401)
Total Fund Balances	255,112		30,677		286,189
Total Liabilities and Fund Balances	\$ 1,894,045	\$ 60,027	\$ 250,590	\$ 887,503	

Amounts reported for governmental activities in the statement of net position (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 \$31,586,850 and the accumulated depreciation is \$10,946,496. 20,640,354

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of resources from Pensions	429,826	
Net Pension Liability	(5,694,818)	
Deferred Inflows of resources from Pensions	(400,428)	(5,665,420)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

General Obligation Bonds	\$ (7,920,000)	
Capital Lease Payable	(624,373)	
Accrued Interest Payable	(110,458)	
Compensated Absences Payable	(885,487)	(9,540,318)

Net position of governmental activities \$ 5,720,805

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

AUDUBON SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 10,518,831	\$ -	\$ -	\$ 987,503	\$ 11,506,334
Tuition	2,544,829				2,544,829
Capital reserve interest	184				184
Miscellaneous	269,081				269,081
Total local sources	13,332,925			987,503	14,320,428
State sources	10,532,166		312,000		10,844,166
Federal sources	36,217	652,179			688,396
Total Revenues	23,901,308	652,179	312,000	987,503	25,852,990
EXPENDITURES:					
Current expense:					
Regular instruction	7,038,285	206,920			7,245,205
Special education instruction	1,866,570	340,475			2,207,045
Other instruction	1,180,005				1,180,005
Support services and undistributed costs:					
Tuition	881,553				881,553
Student & instruction related services	2,486,195	104,784			2,590,979
General administrative services	440,030				440,030
School administrative services	985,567				985,567
Central administrative services	584,814				584,814
Plant operations and maintenance	1,737,874				1,737,874
Pupil transportation	394,772				394,772
Unallocated employee benefits	6,291,850				6,291,850
Capital outlay	264,321		812,000		1,076,321
Debt service:					
Principal				750,000	750,000
Interest and other charges				256,000	256,000
Total Expenditures	24,151,836	652,179	812,000	1,006,000	26,622,015
Excess (deficiency) of revenues over (under) expenditures	(250,528)		(500,000)	(18,497)	(769,025)
Other Financing Sources (Uses):					
Proceeds of Capital Lease			500,000		500,000
Transfers out	(20,000)				(20,000)
Total other financing sources (uses)	(20,000)		500,000		480,000
Net Change in Fund Balance	(270,528)			(18,497)	(289,025)
Fund balance - July 1, 2014	526,040		\$ 30,677	18,497	575,214
Fund Balance - June 30, 2015	\$ 255,512	\$ -	\$ 30,677	\$ -	\$ 286,189

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

AUDUBON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental funds (from B-2) \$ (289,025)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Governmental Funds report capital outlays 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 current period.

Depreciation expense	\$ (730,507)	
Fixed assets additions	<u>914,293</u>	183,786

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

750,000

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.

6,875

Repayment of capital lease principal is an expenditure in the governmental funds, But the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.

59,965

The proceeds of a capital lease is an other financing source of revenue in the governmental funds but is not reported in the statement of activities.

(500,000)

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.

(11,967)

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 the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

42,263

Change in net position of governmental activities

\$ 241,897

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

AUDUBON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities			Total
	Enterprise Funds			
	Food Service Fund	Community Education Program	After School Program	
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 52,643	\$ 28,066	\$ 80,709
Intergovernmental receivables				
Interfund		75,000		75,000
Other	1,832			1,832
Inventories	13,580			13,580
Total current assets	15,412	127,643	28,066	171,121
Noncurrent assets:				
Machinery and equipment (net of accumulated depreciation)	14,558			14,558
Total noncurrent assets	14,558			14,558
Total Assets	29,970	127,643	28,066	185,679
LIABILITIES:				
Current liabilities:				
Cash overdraft	6,775			6,775
Unearned revenue	269			269
Total Current Liabilities	7,044			7,044
NET POSITION:				
Net Investment in capital assets	14,558			14,558
Unrestricted	8,368	127,643	28,066	164,077
Total Net Position	\$ 22,926	\$ 127,643	\$ 28,066	\$ 178,635

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

AUDUBON SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities			Totals
	Enterprise Funds			
	Food Service Fund	Community Education Program	After School Program	
Operating Revenues:				
Charges for services:				
Daily sales:				
Reimbursable programs	\$ 93,175	\$ -	\$ -	\$ 93,175
Non-reimbursable programs	150,679			150,679
Program fees		99,142	120,490	219,632
Total Operating Revenue	243,854	99,142	120,490	463,486
Operating Expenses:				
Salaries and fringe benefits	232,904	26,930	106,134	365,968
Management fee	24,500			24,500
Supplies and materials	14,254		209	14,463
Other costs	14,334		10,000	24,334
Depreciation	3,990			3,990
Cost of sales	170,447	87,291		257,738
Total Operating Expenses	460,429	114,221	116,343	690,993
Operating Income (Loss)	(216,575)	(15,079)	4,147	(227,507)
Non-Operating Revenues:				
State sources:				
State school lunch program	3,649			3,649
Federal sources:				
National school lunch program	134,906			134,906
National school breakfast program	12,239			12,239
Food distribution program	29,415			29,415
Local sources:				
Interest earned		38		38
Total Non-Operating Revenues	180,209	38		180,247
Income (Loss) before Contributions and Transfers	(36,366)	(15,041)	4,147	(47,260)
Operating Transfers In	20,000			20,000
Change in Net Position	(16,366)	(15,041)	4,147	(27,260)
Net Position - July 1, 2014	39,292	142,684	23,919	205,895
Net Position - June 30, 2015	\$ 22,926	\$ 127,643	\$ 28,066	\$ 178,635

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

AUDUBON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities			Total
	Enterprise Funds			
	Food Service Fund	Community Education Program	After School Program	
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 269,965	\$ 99,142	\$ 120,490	\$ 489,597
Cash payments to employees for services	(232,904)	(26,930)	(106,134)	(365,968)
Cash payments to suppliers for goods and services	<u>(226,336)</u>	<u>(87,291)</u>	<u>(10,209)</u>	<u>(323,836)</u>
Net cash used by operating activities	<u>(189,275)</u>	<u>(15,079)</u>	<u>4,147</u>	<u>(200,207)</u>
Cash Flows from Noncapital Financing Activities:				
Cash received from state sources	4,101			4,101
Cash received from federal sources	184,846			184,846
Operating transfer in	<u>20,000</u>			<u>20,000</u>
Net cash provided by noncapital financing activities	<u>208,947</u>			<u>208,947</u>
Cash Flows used by Noncapital Financing Activities:				
Cash advance to General Fund				
Cash Flow Provided by Investing Activities:				
Interest on cash equivalents		38		38
Net increase (decrease) in cash and cash equivalents	19,672	(15,041)	4,147	8,778
Cash and cash equivalents - July 1, 2014	<u>(26,447)</u>	<u>67,684</u>	<u>23,919</u>	<u>65,156</u>
Cash and cash equivalents - June 30, 2015	<u>\$ (6,775)</u>	<u>\$ 52,643</u>	<u>\$ 28,066</u>	<u>\$ 73,934</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (216,575)	\$ (15,079)	\$ 4,147	\$ (227,507)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:				
Depreciation	3,990			3,990
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	5,207			5,207
(Increase) decrease in interfund receivable	20,764			20,764
(Increase) decrease in inventory	(2,801)			(2,801)
Increase (decrease) in unearned revenue	140			140
Increase (decrease) in accounts payable				
Net cash provided by (used for) operating activities	<u>\$ (189,275)</u>	<u>\$ (15,079)</u>	<u>\$ 4,147</u>	<u>\$ (200,207)</u>

Noncash Noncapital Financing Activities:

During the year the District received \$29,415 of food commodities from the U.S. Department of Agriculture.

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

AUDUBON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Trust Funds			
	Unemployment Compensation Trust	Flexible Benefit Trust	Private Purpose Scholarship Fund	Agency Funds
ASSETS:				
Cash and cash equivalents	\$ 73,372	\$ 1,734	\$ 106,340	\$ 371,737
Interfund receivable	<u>325,000</u>	<u> </u>	<u> </u>	<u>25,000</u>
 Total Assets	 <u>398,372</u>	 <u>1,734</u>	 <u>106,340</u>	 <u>396,737</u>
 LIABILITIES:				
Payroll deductions and withholdings	<u> </u>	<u> </u>	<u> </u>	\$ 2,893
Due to student groups	<u> </u>	<u> </u>	<u> </u>	<u>393,844</u>
 Total Liabilities	 <u> </u>	 <u> </u>	 <u> </u>	 <u>\$ 396,737</u>
 NET POSITION:				
Held in trust for unemployment claims and other purposes	<u>\$ 398,372</u>	<u> </u>	<u> </u>	<u> </u>
Held in trust for claims	<u> </u>	<u>\$ 1,734</u>	<u> </u>	<u> </u>
Reserved for scholarships	<u> </u>	<u> </u>	<u>\$ 106,340</u>	<u> </u>

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

AUDUBON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefit Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS:			
Contributions			
Employee	\$ 24,786	\$ 18,130	\$ -
Donations			8,063
Total Contributions	<u>24,786</u>	<u>18,130</u>	<u>8,063</u>
Interest earned on investments	<u>34</u>	<u>3</u>	<u>272</u>
Total Additions	<u>24,820</u>	<u>18,133</u>	<u>8,335</u>
DEDUCTIONS:			
Claims paid	1,574	18,190	
Scholarships awarded			14,718
Total Deductions	<u>1,574</u>	<u>18,190</u>	<u>14,718</u>
Change in Net Position	23,246	(57)	(6,383)
Net Position - July 1, 2014	<u>375,126</u>	<u>1,791</u>	<u>112,723</u>
Net Position - June 30, 2015	<u>\$ 398,372</u>	<u>\$ 1,734</u>	<u>\$ 106,340</u>

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

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Borough of Audubon School District ("School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 12. In addition, the School District provides educational services for students in grades 9 through 12 received from the Mount Ephraim School District, on a tuition basis. The Audubon School District has an approximate enrollment at June 30, 2015 of 1,548 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

Component Units - GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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. The more significant of the School District's accounting policies are described below.

The School District's basic financial statements consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

Enterprise Funds - The enterprise 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 School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise funds are:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

After School Program Fund - This fund accounts for the financial resources of the School District's extended day program. This program provides before and after school care to students.

Community Education Fund - This fund accounts for the financial activity related to providing adult school activities within the School District.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into net investment in capital assets, and unrestricted net, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued) - Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: trust funds and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has five fiduciary funds; an unemployment compensation trust fund, a private purpose scholarship fund, a flexible spending trust fund, a student activity fund, and a payroll fund.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-exchange Transactions - Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, 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 School 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. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as unearned revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

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. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances – Open Encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue 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.

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. 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. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41et 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 Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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.

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2015 and 2014 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position. .

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

Accrued Salaries and Wages - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Net Position - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Fund Balance - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2015.

Restricted - This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

Assigned - This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District's policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program and maintenance service fees for the internal service fund. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Recently Issued Accounting Pronouncements - In February 2015, the GASB issued Statement 72, Fair Value Measurement and Application. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This Statement is effective for financial statements for periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This Statement is effective for financial statements for periods beginning after June 15, 2016 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria. This Statement is effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June, 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) - In June 2016, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement is effective for financial statements for periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$2,047,695 as of June 30, 2015, \$253,125 was insured under FDIC and the remaining balance of \$1,794,570 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District 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 School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school 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-14.1(g), 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 for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Balance July 1, 2014		\$	115,229
Increased by:			
Interest Earned	\$	184	
Board Resolution	_____		184
			115,413
Decreased by:			
Budget Withdrawal	_____		-
			-
Balance June 30, 2015		\$	115,413

The June 30, 2015 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2015 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2015 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Proprietary Fund	Total
Intergovernmental						
District Tax Levy	\$ 67,666	\$ -	\$ -	\$ 887,503	\$ -	\$ 955,169
State	154,455		250,590			405,045
Federal		60,027				60,027
Other	36,018				1,832	37,850
Total	<u>\$ 258,139</u>	<u>\$ 60,027</u>	<u>\$ 250,590</u>	<u>\$ 887,503</u>	<u>\$ 1,832</u>	<u>\$ 1,458,091</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Land	\$ 764,000	\$ -	\$ -	\$ 764,000
Total Capital Assets not being Depreciated	764,000	-	-	764,000
Capital Assets, being Depreciated:				
Land Improvements	1,550,617			1,550,617
Building and Improvements	26,623,257	908,553		27,531,810
Equipment	1,734,683	5,740		1,740,423
Total Historical Cost	29,908,557	914,293	-	30,822,850
Less Accumulated Depreciation:				
Land Improvements	(833,139)	(61,494)		(894,633)
Building and Improvements	(8,244,081)	(575,231)		(8,819,312)
Equipment	(1,138,769)	(93,782)		(1,232,551)
Total Accumulated Depreciation	(10,215,989)	(730,507)	-	(10,946,496)
Total Capital Assets, being depreciated, net	19,692,568	183,786		19,876,354
Governmental Activities Capital Assets, Net	<u>\$ 20,456,568</u>	<u>\$ 183,786</u>	<u>\$ -</u>	<u>\$ 20,640,354</u>
Business-Type Activities:				
Equipment	\$ 195,636	\$ -	\$ -	\$ 195,636
Less - Accumulated Depreciation	(177,088)	(3,990)		(181,078)
Business-Type Activities Capital Assets, Net	<u>\$ 18,548</u>	<u>\$ (3,990)</u>	<u>\$ -</u>	<u>\$ 14,558</u>

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$730,507 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 24,449
General Administration	21,513
Plant Operations and Maintenance	15,794
Transportation	280
Unallocated	668,471
	<hr/>
Total depreciation expense	<u>\$ 730,507</u>

6. INVENTORY

Inventory in the food service fund at June 30, 2015 consisted of the following:

Food	\$ 9,763
Supplies	<u>3,817</u>
	<u>\$ 13,580</u>

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

	<u>Principal Outstanding June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2015</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 927,750	\$ -	\$ 42,263	\$ 885,487	\$ 21,480
Obligations under Capital Leases	184,338	500,000	59,965	624,373	183,295
General Obligation Bonds	<u>8,670,000</u>		<u>750,000</u>	<u>7,920,000</u>	<u>770,000</u>
	<u>\$ 9,782,088</u>	<u>\$ 500,000</u>	<u>\$ 852,228</u>	<u>\$ 9,429,860</u>	<u>\$ 974,775</u>

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are as follows:

- 2012 Refunding 2004 Bonds dated January 15, 2012 in the amount of \$7,920,000 due in annual installments through January 15, 2025, bearing interest rate of 2.00% to 4.00%.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

7. LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2015, principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 770,000	\$ 241,000	\$ 1,011,000
2017	755,000	225,600	980,600
2018	740,000	210,500	950,500
2019	775,000	195,700	970,700
2020	730,000	180,200	910,200
2021-2025	4,150,000	504,500	4,654,500
	<u>\$ 7,920,000</u>	<u>\$ 1,557,500</u>	<u>\$ 9,477,500</u>

As of June 30, 2015 the School District had no authorizations to issue additional bonded debt.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid.

Capital Leases Payable - The School District has entered into the following capital lease agreement:

High Efficiency Boilers	Oct. 7, 2016	2.450%	\$ 295,177
Facilities Lease - Ground Use	July 1, 2019	1.480%	500,000

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 183,295	\$ 10,982	\$ 194,277
2017	187,138	7,138	194,276
2018	126,037	3,758	129,795
2019	127,903	1,893	129,796
	<u>\$ 624,373</u>	<u>\$ 23,771</u>	<u>\$ 648,144</u>

8. OPERATING LEASES

At June 30, 2015, the School District had operating lease agreements in effect for copy machines and chromebooks. Total rental payments for such leases were \$33,953 for the fiscal year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 61,212
2017	32,918
	<u>\$ 94,130</u>

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

9. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

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 fair value.

For the year ended June 30, 2015, the District recognized pension expense of \$55,527,216 and revenue of \$55,527,216 for support provided by the State. Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	06/30/14	06/30/13
Collective deferred outflows of resources	\$ 2,306,623,861	\$ -
Collective deferred inflows of resources	1,763,205,593	-
Collective net pension liability (Non-Employer – State of New Jersey)	53,446,745,367	50,539,213,484
State's portion of the net pension liability that was associated with the district	55,527,216	54,600,007
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	1038926042%	1080349353%

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

9. PENSION PLANS (Continued)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial assumptions – The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation: 2.5%
Salary Increases: Varies based on experience
Investment Rate of Return: 7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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 TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	06.00%	0.50%
Core Fixed Income	00.00%	2.19%
Core Bonds	01.00%	1.38%
Short-Term Bonds	00.00%	1.00%
Intermediate Term Bonds	11.20%	2.60%
Long-Term Bonds	00.00%	3.23%
Mortgages	02.50%	2.84%
High Yield Bonds	05.50%	4.15%
Non US Fixed Income	00.00%	1.41%
Inflation Indexed Bonds	02.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	00.00%	5.62%
Mid Cap US Equities	00.00%	6.39%
Small Cap US Equities	00.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	06.50%	8.90%
Private Equity	08.25%	9.15%
Hedge Funds/Absolute Ret	12.25%	3.85%
Real Estate (Property)	03.20%	4.43%
Real Estate (REITS)	00.00%	5.58%
Commodities	02.50%	3.60%
Long Credit Bonds	00.00%	3.74%

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

9. PENSION PLANS (Continued)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Discount rate. The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability, because of the special funding situation, the district would not be sensitive to any changes in the discount rate.

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%.

An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2015	\$ 41,744	\$ 193,100	\$ 15,906	\$ 250,750
2014	42,277	185,875	3,880	232,032
2013	66,151	158,169	13,351	237,671

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by 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.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

9. PENSION PLANS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$281,563. At June 30, 2015, the District reported a liability of \$5,694,818 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$
Changes of assumptions	179,076	
Net difference between projected and actual earnings on pension plan investments		339,380
Changes in proportion and differences between District contributions and proportionate share of contributions		61,048
District contributions subsequent to the measurement Date	250,750	
Total	\$ 429,826	\$ 400,428

\$250,750 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net liability in the year ended June 30, 2015.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Inflow of Resources:
2016	\$ 44,270
2017	44,270
2018	44,270
2019	44,271
2020	44,271
Total	\$ 221,352

Additional Information

Collective balances at June 30, 2014 and 2013 are as follows:

	6/30/2014	6/30/2013
Collective deferred outflows of resources	\$ 952,194,675	\$ (1)
Collective deferred inflows of resources	\$ 1,479,224,662	\$ (1)
Collective net pension liability	\$ 18,722,735,003	\$ 19,111,986,911
District's Proportion	.0304165923%	.0307947299%

(1) – Information not available.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

9. PENSION PLANS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial assumptions – The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate: 3.01%
 Salary Increases:
 2012-2021: 2.15-4.40% based on age
 Thereafter: 3.15-5.40% based on age
 Investment Rate of Return: 7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	06.00%	00.80%
Core Bonds	01.00%	02.49%
Intermediate Term Bonds	11.20%	02.26%
Mortgages	02.50%	02.17%
High Yield Bonds	05.50%	04.82%
Inflation Indexed Bonds	02.50%	03.51%
Broad US Equities	25.90%	08.22%
Developed Foreign Equities	12.70%	08.12%
Emerging Market Equities	06.50%	09.91%
Private Equity	08.25%	13.02%
Hedge Funds/Absolute Ret	12.25%	04.92%
Real Estate (Property)	03.20%	05.80%
Commodities	02.50%	05.35%

Discount rate. The discount rate used to measure the State's total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

9. PENSION PLANS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5/39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.39%) or 1 percentage point higher (6.39%) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 7,164,275	\$ 5,694,818	\$ 4,460,848

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq. The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Fiscal Year	Total Liability	Paid by School District
2015	\$ 18,432	\$ 18,432
2014	12,454	12,454
2013	6,249	6,249

10. POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

10. POST-RETIREMENT BENEFITS (Continued)

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2015 was \$893,661 which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2015, the School District has recognized as revenues and expenditures \$562,936 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$809,198 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance - The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Fund. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained at: School Alliance Insurance Fund, c/o PEGAS, 51 Everett Drive, Suite B-40 West Windsor, New Jersey, 08550.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 34	\$ 24,786	\$ 1,574	\$ 398,372
2014	636	13,679	21,224	375,126
2013	1,234	30,541	16,600	382,035

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

14. COMPENSATED ABSENCES

The School 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.

School District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policy. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with the School District's agreements with the various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2015, the liability for compensated absences in the governmental activities was \$885,487.

15. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2016. The following interfund balances were recorded on the various balance sheets as of June 30, 2015:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 1,065,317	\$ 425,000
Special Revenue		37,640
Capital Projects		140,174
Debt Service		887,503
Enterprise	75,000	
Trust	<u>350,000</u>	
	<u>\$ 1,490,317</u>	<u>\$ 1,490,317</u>

16. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2015, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. FLEXIBLE BENEFITS PROGRAM

The School District offers its employees a Flexible Benefits Program. The purpose of the program is to provide a tax incentive for plan participants incurring health premium expenses, dependent care expenses and other medical expenses not covered by other insurance. The School District, who is the plan administrator, has contracted with a third party to act as its agent to furnish reimbursement services. The plan participants redirect a prescribed amount of their gross pay (tax-free) into a reimbursement account and then in-turn submit claims to the third party for repayment.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

17. FLEXIBLE BENEFITS PROGRAM (Continued)

Because of Internal Revenue Service regulations, if at the end of any plan year unexpended funds remain, these funds will be forfeited by the participants and returned to the School District.

The following is a summary of School District contributions, employee contributions, reimbursements to the plan participants for benefits paid and the ending balance of the School District's fiduciary fund for the current and prior two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 3	\$ 18,130	\$ 18,190	\$ 1,734
2014	4	13,650	13,674	1,791
2013	2	4,142	2,844	1,811

18. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$341,078 in the General Fund as of June 30, 2015 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, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute 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 June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$341,078 is equal to or less than the June state aid payment.

19. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2015, a deficit of \$7,002,443 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances, June 30, 2015:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ (341,078)
Liabilities:	
Accrued Interest Payable	(110,458)
Net Pension Difference	(5,665,420)
Compensated Absences	<u>(885,487)</u>
Unrestricted Net Position (Deficit)	<u>\$ (7,002,443)</u>

20. FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

20. FUND BALANCES (Continued)

Specific restrictions of the School District's fund balance are summarized as follows:

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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, 2015 is \$85,637 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$192,856 of excess fund balance generated during the 2013-2014 fiscal year has been restricted and designated for utilization in the 2015-2016 budget.

Capital Reserve – As of June 30, 2015, the balance in the capital reserve account is \$115,413. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2015, \$202,684 of general fund balance.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund – As of June 30, 2015, the unassigned fund balance of the general fund was a deficit of \$341,078. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 18).

Capital Projects Fund – As of June 30, 2015, the unassigned fund balance of the capital projects fund was \$30,677.

21. LOAN PAYABLE – STATE SCHOOL AID ANTICIPATION NOTE

N.J.S.A. 18A:22-44.2, states that if a board of education of a school district is notified by the Commissioner of Education that one or more June state school aid payments will not be made until the following school budget year, and the school district demonstrates through a written application to the commissioner the need to borrow and the commissioner approves the application, the board may borrow on or before June 30 of the current school budget year but not earlier than June 8 of the current school budget year a sum not exceeding the amount of the delayed state school aid payments, and may execute and deliver promissory notes therefore through private sale or delivery thereof. In accordance with this statute, on June 8, 2015, the School District issued a State School Aid Anticipation Note in the amount of \$389,400 at an annual interest rate of 1.50% with a maturity date of July 8, 2015. On June 22, 2015, the School District issued a State School Aid Anticipation Note in the amount of \$389,399 at an annual interest rate of 1.50% with a maturity date of July 9, 2015. The State of New Jersey shall pay on behalf of the School District the required interest due on the Notes.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

22. RESTATEMENT OF NET POSITION

Governmental Activities

Net position on the government-wide Statement of Activities as of July 1, 2014, has been restated for implementation of GASB-68.

The government-wide and fund financial statements were restated as follows:

	Government -wide Statements
	Governmental Activities
Net Position as of June 30, 2014, as previously reported	\$ 11,132,361
Prior Period Adjustment - Implementation GASB 68:	
Net Pension Liability	(5,885,485)
Deferred Outflows - District's Contribution made during fiscal year 2014	232,032
Net Position as Restated, July 1, 2014	\$ 5,478,908

Required Supplementary Information - Part II

Budgetary Comparison Schedules

AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 10,518,831	\$ -	\$ 10,518,831	\$ 10,518,831	\$ -
Tuition from other LEA's	2,515,047	29,782	2,544,829	2,544,829	
Capital reserve interest	115		115	184	69
Unrestricted misc. revenues	239,500		239,500	269,081	29,581
Total local sources	13,273,493	29,782	13,303,275	13,332,925	29,650
State sources:					
Categorical special education aid	698,294		698,294	698,294	
Equalization aid	5,833,566		5,833,566	5,833,566	
Categorical security aid	129,718		129,718	129,718	
Adjustment aid	530,382		530,382	530,382	
Transportation aid	62,679		62,679	62,679	
School choice aid	922,056	(17,904)	904,152	904,152	
Under Adequacy Aid	25,300		25,300	25,300	
PARCC Readiness Aid	13,430		13,430	13,430	
Per Pupil Growth Aid	13,430		13,430	13,430	
Extraordinary aid		74,862	74,862	74,862	
On-behalf TPAF pension contrib.. (non-budgeted)				562,936	562,936
On-behalf TPAF Post Ret.medical (non-budgeted)				893,661	893,661
Reimbursed TPAF social security contribution (non-budgeted)				809,198	809,198
Total state sources	8,228,855	56,958	8,285,813	10,551,608	2,265,795
Federal sources:					
Medicaid Initiative (SEMI)	26,486		26,486	36,217	9,731
Total federal sources	26,486		26,486	36,217	9,731
TOTAL REVENUES	21,528,834	86,740	21,615,574	23,920,750	2,305,176
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	220,239	29,979	250,218	250,218	
Grades 1-5	1,918,138	7,837	1,925,975	1,925,975	
Grades 6-8	995,346	6,353	1,001,699	1,001,699	
Grades 9-12	3,346,737	39,166	3,385,903	3,385,903	
Regular Programs - Home Instruction:					
Salaries of teachers	45,000	(21,296)	23,704	23,704	
Purchased professional - educational services	25,000	1,449	26,449	26,449	
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	76,420	(5,603)	70,817	70,817	
Purchased professional - educational services	42,000	14,829	56,829	56,829	
Purchased technical services	48,000	(39,234)	8,766	8,766	
Other purchased services	15,875	(5,694)	10,181	10,181	
General supplies	361,801	(92,281)	269,520	268,121	1,399
Textbooks	27,682		27,682	9,623	18,059
Total - Regular Programs - Instruction	7,122,238	(64,495)	7,057,743	7,038,285	19,458

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of teachers	\$ 260,200	\$ (39)	\$ 260,161	\$ 260,161	\$ -
Other salaries for instruction	111,800	13,703	125,503	125,503	
General supplies	8,726	1,613	10,339	10,339	
Total learning and/or language disab.	<u>380,726</u>	<u>15,277</u>	<u>396,003</u>	<u>396,003</u>	
Behavioral Disabilities:					
Salaries of teachers	89,300	1,000	90,300	90,300	
General supplies	800	(466)	334	334	
Total behavioral disabilities	<u>90,100</u>	<u>534</u>	<u>90,634</u>	<u>90,634</u>	
Resource room/resource center:					
Salaries of teachers	1,169,234	41,731	1,210,965	1,210,965	
Other salaries for instruction	11,800	55,288	67,088	67,088	
General supplies	14,939	(5,898)	9,041	9,041	
Textbooks					
Total resource room/resource center	<u>1,195,973</u>	<u>91,121</u>	<u>1,287,094</u>	<u>1,287,094</u>	
Preschool Disabilities - Part-Time:					
Salaries of teachers	82,570	(11,294)	71,276	54,300	16,976
Other salaries for instruction	45,100		45,100	37,589	7,511
General supplies	1,400		1,400	950	450
Total preschool disabilities - part-time	<u>129,070</u>	<u>(11,294)</u>	<u>117,776</u>	<u>92,839</u>	<u>24,937</u>
Total Special Education - Instruction	<u>1,795,869</u>	<u>95,638</u>	<u>1,891,507</u>	<u>1,866,570</u>	<u>24,937</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	439,241	(32,772)	406,469	383,499	22,970
General supplies	3,000		3,000	1,279	1,721
Total basic skills/remedial - instruction	<u>442,241</u>	<u>(32,772)</u>	<u>409,469</u>	<u>384,778</u>	<u>24,691</u>
School-Sponsored Cocurricular Act - Instruction:					
Salaries of teachers	239,552	20,816	260,368	260,368	
Supplies and materials	56,075	(3,534)	52,541	52,437	104
Total school-sponsored cocurr. act. - instruct.	<u>295,627</u>	<u>17,282</u>	<u>312,909</u>	<u>312,805</u>	<u>104</u>
School-Sponsored Athletics - Instruction:					
Salaries of teachers	348,395	(7,877)	340,518	340,518	
Purchased services	38,000	(20,500)	17,500	17,500	
Supplies and materials	80,326	(4,007)	76,319	76,319	
Other objects	8,000	1	8,001	8,001	
Total school-sponsored athletics - instruct.	<u>474,721</u>	<u>(32,383)</u>	<u>442,338</u>	<u>442,338</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Community Services Programs/Operations					
Salaries	\$ 40,000	\$ 84	\$ 40,084	\$ 40,084	\$ -
Total Community Services Programs/Operations	40,000	84	40,084	40,084	
Total Instruction	10,170,696	(16,646)	10,154,050	10,084,860	69,190
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - spec	32,000	(1,938)	30,062	30,000	62
Tuition to county vocational school - reg	12,700	3,480	16,180	16,180	
Tuition to CSSD & regional day school	363,440	10,958	374,398	373,628	770
Tuition to priv. sch. for the disabled in state	379,947	81,840	461,787	461,745	42
Total undistributed expenditures - instruction	788,087	94,340	882,427	881,553	874
Attendance and Social Work Services:					
Salaries	24,350		24,350	24,300	50
Total	24,350		24,350	24,300	50
Health Services:					
Salaries	234,100	2,430	236,530	236,084	446
Purchased professional and technical services	13,000	225	13,225	13,225	
Other purchased services	500	(500)			
Supplies and materials	5,950	(2,525)	3,425	3,264	161
Total health services	253,550	(370)	253,180	252,573	607
Speech, OT, PT & Related Services:					
Salaries	398,740	(5,775)	392,965	385,733	7,232
Purchased professional - educational services	3,542	(3,004)	538	538	
Supplies and materials		3,349	3,349	3,349	
Total speech, ot, pt, & related services	402,282	(5,430)	396,852	389,620	7,232
Guidance:					
Salaries of other professional staff	513,251	(493)	512,758	512,758	
Salaries of secretarial and clerical assistants	65,400		65,400	62,287	3,113
Purchased professional - educational services	37,425	(30,500)	6,925	5,060	1,865
Other purchased services (400-500 series)	2,500	(1,350)	1,150	526	624
Supplies and materials	11,750	(8,995)	2,755	2,755	
Total guidance	630,326	(41,338)	588,988	583,386	5,602
Child Study Teams:					
Salaries of other professional staff	482,340	(3,808)	478,532	477,904	628
Salaries of secretarial and clerical assistants	78,700	(220)	78,480	77,007	1,473
Other purchased prof. and technical services	100,000	39,523	139,523	139,523	
Supplies and materials	3,463	(1,371)	2,092	2,092	
Total child study teams	664,503	34,124	698,627	696,526	2,101

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of Instruction Services:					
Salaries of supervisors of instruction	\$ 120,433	\$ (6,088)	\$ 114,345	\$ 114,176	\$ 169
Salaries of other professional staff	33,565	770	34,335	34,335	
Salaries of secretarial and clerical assistants	48,650	3,864	52,514	51,514	1,000
Other salaries	20,000	(20,000)			
Purchased professional - educational services	10,000	(5,925)	4,075	745	3,330
Supplies and materials	5,500		5,500		5,500
Total improvement of instructional services	238,148	(27,379)	210,769	200,770	9,999
Educational Media Services/School Library:					
Salaries	101,910		101,910	101,789	121
Purchased professional - technical services	18,000		18,000	17,564	436
Supplies and materials	14,600		14,600	12,924	1,676
Total educational media services/school library	134,510		134,510	132,277	2,233
Instructional Staff Training Services:					
Salaries of supervisors of instruction	147,695	(838)	146,857	146,857	
Salaries of other professional staff	33,565	770	34,335	34,335	
Purchased professional - educational services	15,000	10,551	25,551	25,551	
Supplies and materials	1,000	(1,000)			
Total instructional staff training services	197,260	9,483	206,743	206,743	
Support Services - General Administration:					
Salaries	221,473	7,288	228,761	228,761	
Legal services	25,000	(4,732)	20,268	20,268	
Audit Fees	29,000	500	29,500	29,500	
Architectural/Engineering Services	7,000	11,163	18,163	18,163	
Communications / telephone	40,000	10,295	50,295	50,295	
Other purchased services	50,000	194	50,194	50,194	
Supplies and materials	4,000	(1,679)	2,321	2,321	
Miscellaneous expenditures	30,000	10,528	40,528	40,528	
Total support services - general administration	406,473	33,557	440,030	440,030	
Support Services - School Administration:					
Salaries of principals/assist. principals	648,147	1	648,148	648,148	
Salaries of secretarial and clerical assistants	344,400	(2,341)	342,059	331,078	10,981
Other purchased services (400-500 series)	6,000	(823)	5,177	1,576	3,601
Supplies and materials	2,000		2,000	1,091	909
Other objects	6,250		6,250	3,674	2,576
Total support services - school administration	1,006,797	(3,163)	1,003,634	985,567	18,067
Central Services:					
Salaries	320,559	(3,413)	317,146	317,146	
Misc. purchased services	38,000	38,639	76,639	76,639	
Supplies and materials	7,500	2,810	10,310	10,310	
Interest on lease purchase	6,036	509	6,545	6,545	
Miscellaneous expenditures	6,000	3,642	9,642	9,642	
Total central services	378,095	42,187	420,282	420,282	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Admin. Informational Technology					
Salaries	\$ 145,794	\$ 8,523	\$ 154,317	\$ 154,317	\$ -
General supplies	8,000	2,215	10,215	10,215	
Total admin. informational technology	<u>153,794</u>	<u>10,738</u>	<u>164,532</u>	<u>164,532</u>	
Required Maintenance School Facilities:					
Salaries	300,616	(4,820)	295,796	285,793	10,003
General supplies	10,000	4,821	14,821	14,821	
Total required maintenance school facilities	<u>310,616</u>	<u>1</u>	<u>310,617</u>	<u>300,614</u>	<u>10,003</u>
Other Operation & Maintenance of Plant:					
Salaries	613,598	(24,959)	588,639	587,763	876
Other purchased property services	58,000	(3,980)	54,020	53,839	181
Insurance	66,000	4,138	70,138	70,138	
Misc. Purchased Services	62,000	(3,977)	58,023	47,006	11,017
General Supplies	120,000	(19,827)	100,173	86,527	13,646
Energy (Electricity)	434,779	(38,532)	396,247	395,327	920
Other objects	3,000		3,000	100	2,900
Energy (Natural Gas)	125,000	(40,411)	84,589	81,223	3,366
Total other operations & maint. of plant	<u>1,482,377</u>	<u>(127,548)</u>	<u>1,354,829</u>	<u>1,321,923</u>	<u>32,906</u>
Care & Upkeep of Grounds:					
Salaries	102,950		102,950	102,933	17
General Supplies	14,000		14,000	12,404	1,596
Total care and upkeep of grounds	<u>116,950</u>		<u>116,950</u>	<u>115,337</u>	<u>1,613</u>
Total operation & maint. of plant services	<u>1,909,943</u>	<u>(127,547)</u>	<u>1,782,396</u>	<u>1,737,874</u>	<u>44,522</u>
Student Transportation Services:					
Salaries for Pupil Trans (other than between home and school)	50,000	(2,605)	47,395	47,395	
Management fee - ESC Transp. programs	10,000	4,604	14,604	14,604	
Cleaning, repair and maintenance services	12,000	(380)	11,620	11,620	
Contr. serv. (not between home & sch) - vendor	53,000	(37,934)	15,066	15,066	
Contr. Serv. (Spl. Ed. Students) - ESC	230,000	65,395	295,395	295,395	
Misc. purchased services - transportation	5,000	224	5,224	5,224	
Supplies and materials	9,000	(3,532)	5,468	5,468	
Total student transportation services	<u>369,000</u>	<u>25,772</u>	<u>394,772</u>	<u>394,772</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits - Employee Benefits:					
Social security contributions	\$ 280,000	\$ 37,224	\$ 317,224	\$ 317,224	\$ -
Other retirement contributions - PERS	270,000	(1,539)	268,461	268,461	
Workmen's compensation	210,000	(13,097)	196,903	196,903	
Health benefits	3,087,259	(22,212)	3,065,047	3,065,047	
Tuition reimbursement	40,000	9,074	49,074	49,065	9
Other employee benefits	93,000	36,355	129,355	129,355	
Total unallocated benefits - employee benefits	3,980,259	45,805	4,026,064	4,026,055	9
On-behalf TPAF pension contr. (non-budgeted)				562,936	(562,936)
On-behalf TPAF post ret. medical (non-budgeted)				893,661	(893,661)
Reimbursed TPAF social security contr. (non-budgeted)				809,198	(809,198)
Total Undistributed Expenditures	11,537,377	90,779	11,628,156	13,802,655	(2,174,499)
Total General Current Expense	21,708,073	74,133	21,782,206	23,887,515	(2,105,309)
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12		5,740	5,740	5,740	
Undist. expend. - support services - students - reg		6,867	6,867	6,867	
Total Equipment		12,607	12,607	12,607	
Facilities Acquisition and Construction Services:					
Construction services	94,000		94,000	91,732	2,268
Lease purchase agreements - principal	59,940		59,940	58,531	1,409
Assessment on SDA Funding	101,451		101,451	101,451	
Total Facilities Acquisition and Constr. Services	255,391		255,391	251,714	3,677
Total Capital Outlay	255,391	12,607	267,998	264,321	3,677
Transfer of Funds to Charter School	12,365		12,365		12,365
TOTAL EXPENDITURES	21,975,829	86,740	22,062,569	24,151,836	(2,089,267)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(446,995)		(446,995)	(231,086)	215,909
Other Financing Sources:					
Operating transfers out	(38,000)		(38,000)	(20,000)	18,000
Total other financing sources	(38,000)		(38,000)	(20,000)	18,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(484,995)		(484,995)	(251,086)	233,909
Fund Balance - July 1, 2014	1,285,397		1,285,397	1,285,397	
Fund Balance - June 30, 2015	\$ 800,402	\$ -	\$ 800,402	\$ 1,034,311	\$ 233,909

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

(Continued from prior page)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 115,413	
Excess surplus- designated for subsequent year's budget				192,856	
Excess surplus				85,637	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				202,684	
Unassigned Fund Balance:					
				<u>437,721</u>	
				<u>1,034,311</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(778,799)</u>	
Fund Balance per Governmental Funds (GAAP)					
				<u>\$ 255,512</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 473,000	\$ 179,179	\$ 652,179	\$ 652,179	\$ -
Total Revenues	473,000	179,179	652,179	652,179	
EXPENDITURES:					
Instruction:					
Salaries of teachers	90,000	17,276	107,276	107,276	
Other salaries for instruction	125,000	84,945	209,945	209,945	
Other purchased services	202,700	12,965	215,665	215,665	
General supplies	35,200	(22,609)	12,591	12,591	
Other objects		1,918	1,918	1,918	
Total Instruction	452,900	94,495	547,395	547,395	
Support Services:					
Salaries of principals/asst. principals		5,000	5,000	5,000	
Personal services - employee benefits	20,100	1,466	21,566	21,566	
Purchased prof. - technical services		22,137	22,137	22,137	
Purchased prof. - educational services		13,181	13,181	13,181	
Other purchased services		42,900	42,900	42,900	
Total Support Services	20,100	84,684	104,784	104,784	
Facilities Acquisition and Construction Services:					
Buildings					
Total Facilities Acq. and Const. Services					
Total Expenditures	473,000	179,179	652,179	652,179	
Total Outflows	473,000	179,179	652,179	652,179	
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

AUDUBON SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2015

**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 schedules	\$ 23,920,750	\$ 652,179
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	759,357	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(778,799)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 23,901,308	\$ 652,179
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 24,151,836	\$ 652,179
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 24,151,836	\$ 652,179

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions (GASB 68)

AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Fiscal Year

	June 30, 2015
District's proportion of the net pension liability (asset)	0.0304165923%
District's proportionate share of the net pension liability (asset)	\$ 5,694,818
District's covered-employee payroll	2,131,870
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	267.13%
Plan fiduciary net position as a percentage of the total pension liability	42.74%

This schedule does not contain ten years of information as GASB 68 was implemented during this fiscal year ended June 30, 2015.

AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Fiscal Year

	June 30, <u>2015</u>
Contractually required contribution	\$ 250,750
Contributions in relation to the contractually required contributions	<u>(250,750)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 2,131,870
Contributions as a percentage of covered-employee payroll	11.76%

This schedule does not contain ten years of information as GASB 68 was implemented during this fiscal year ended June 30, 2015.

AUDUBON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Fiscal Year

	June 30, 2015
District's proportion of the net pension liability (asset)	<u>0.1038926042%</u>
District's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 55,527,216</u>
Total	<u><u>\$ 55,527,216</u></u>
District's covered-employee payroll	\$ 10,903,883
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%

This schedule does not contain ten years of information as GASB 68 was implemented during this fiscal year ended June 30, 2015.

**Audubon School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2015**

1. Teacher's 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.

Changes 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 of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

2. 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.

Changes 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.

Other Supplementary Information

Special Revenue Fund

AUDUBON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	<u>Title I</u>	<u>Title II A</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Race to the Top</u>	<u>Total</u>
REVENUES:						
State sources						
Federal sources	\$ 192,117	\$ 48,539	\$ 385,557	\$ 17,985	\$ 7,981	\$ 652,179
Total Revenues	<u>192,117</u>	<u>48,539</u>	<u>385,557</u>	<u>17,985</u>	<u>7,981</u>	<u>652,179</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	60,000	32,763	14,513			107,276
Other salaries for instruction	109,000		98,745	2,200		209,945
Other purchased services			204,308	11,357		215,665
General supplies	4,982		7,411	198		12,591
Other objects	<u>175</u>		<u>1,543</u>	<u>200</u>		<u>1,918</u>
Total instruction	<u>174,157</u>	<u>32,763</u>	<u>326,520</u>	<u>13,955</u>		<u>547,395</u>
Support services:						
Salaries of Principals/Asst Princ.	5,000					5,000
Personal services-employee benefits	12,960	7,076	1,400	130		21,566
Purchased prof educ services		5,200			7,981	13,181
Purchased prof tech services			19,637	2,500		22,137
Other purchased services		<u>3,500</u>	<u>38,000</u>	<u>1,400</u>		<u>42,900</u>
Total support services	<u>17,960</u>	<u>15,776</u>	<u>59,037</u>	<u>4,030</u>	<u>7,981</u>	<u>104,784</u>
Facilities acquisition and const. serv. :						
Instructional equipment						
Total facilities acq. and const. serv.						
Total Expenditures	<u>192,117</u>	<u>48,539</u>	<u>385,557</u>	<u>17,985</u>	<u>7,981</u>	<u>652,179</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects Fund

AUDUBON SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2015

Revenues and Other Financing Sources:	
SDA Grant	\$ 312,000
Proceeds of Capital Lease	500,000
Total revenues and other financing sources	<u>812,000</u>
Expenditures and Other Financing (Uses):	
Purchased professional services	89,610
Construction services	722,390
Total expenditures and other financing (uses)	<u>812,000</u>
Excess (deficiency) or revenues over (under) expenditures	
Fund Balance - July 1, 2014	<u>\$ 30,677</u>
Fund Balance - June 30, 2015	<u>\$ 30,677</u>

AUDUBON SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Renovations to Mansion Avenue School
From Inception and for the Fiscal Year ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 1,048,600	\$ -	\$ 1,048,600	\$ 1,048,600
Bond proceeds	1,079,795		1,079,795	1,079,795
Total revenues	<u>2,128,395</u>		<u>2,128,395</u>	<u>2,128,395</u>
Expenditures and Other Financing Uses:				
Purchased professional services	156,927		156,927	156,927
Construction services	1,958,617		1,958,617	1,958,617
	<u>2,115,544</u>		<u>2,115,544</u>	<u>2,115,544</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 12,851</u>	<u>\$ -</u>	<u>\$ 12,851</u>	<u>\$ 12,851</u>
Additional project information:				
Project Number	0150-050-04-1000			
Grant Date	11/13/03			
Bond Authorization Date	04/01/04			
Bonds Authorized	\$ 1,283,795			
Bonds Issued	\$ 1,283,795			
Original Authorized Cost	\$ 2,332,395			
Additional Authorized Cost	\$ (204,000)			
Revised Authorized Cost	\$ 2,128,395			
Percentage Increase over Original Authorized Cost	-8.75%			
Percentage Completion	100.00%			
Original target completion date	12/01/05			
Revised target completion date	12/01/06			

AUDUBON SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Renovations to High School
From Inception and for the Fiscal Year ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 5,681,740	\$ -	\$ 5,681,740	\$ 5,681,740
Bond proceeds	8,237,472		8,237,472	8,237,472
Prior year payables canceled	46,001		46,001	46,001
Total revenues	13,965,213		13,965,213	13,965,213
Expenditures and Other Financing Uses:				
Salaries	9,601		9,601	9,601
Purchased professional services	1,344,875		1,344,875	1,344,875
Construction services	12,527,615		12,527,615	12,527,615
Other objects	65,296		65,296	65,296
	13,947,387		13,947,387	13,947,387
Excess (deficiency) or revenues over (under) expenditures	\$ 17,826	\$ -	\$ 17,826	\$ 17,826

Additional project information :

Project Number	0150-019-04-1000
Grant Date	11/13/03
Bond Authorization Date	04/01/04
Bonds Authorized	\$ 8,152,924
Bonds Issued	\$ 8,152,924
Original Authorized Cost	\$ 13,834,664
Additional Authorized Cost	\$ 130,549
Revised Authorized Cost	\$ 13,965,213
Percentage Increase over Original Authorized Cost	0.94%
Percentage Completion	99.00%
Original target completion date	12/01/05
Revised target completion date	12/01/07

AUDUBON SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Roof and Roof-Top HVAC Haviland Elementary School
From Inception and for the Fiscal Year ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ -	\$ 312,000	\$ 312,000	\$ 312,000
Capital lease proceeds		500,000	500,000	500,000
Total revenues		812,000	812,000	812,000
Expenditures and Other Financing Uses:				
Purchased professional services		89,610	89,610	89,610
Construction services		722,390	722,390	722,390
		812,000	812,000	812,000
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

Additional project information:

Project Number	0150-040-13-1002-GO4
Grant Date	01/06/14
Lease Authorization Date	07/01/14
Capital Lease Authorized	\$ 500,000
Capital Lease Issued	\$ 500,000
Original Authorized Cost	\$ 780,000
Additional Authorized Cost	\$ 32,000
Revised Authorized Cost	\$ 812,000
Percentage Increase over Original Authorized Cost	4.10%
Percentage Completion	100.00%
Original target completion date	09/30/15
Revised target completion date	09/30/15

Proprietary Funds

AUDUBON SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Position
June 30, 2015

	<u>Food Service Fund</u>	<u>Community Education Program</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 52,643	\$ 28,066	\$ 80,709
Accounts receivable:				
Interfund		75,000		75,000
Other	1,832			1,832
Inventories	<u>13,580</u>			<u>13,580</u>
Total Current Assets	<u>15,412</u>	<u>127,643</u>	<u>28,066</u>	<u>171,121</u>
Noncurrent Assets:				
Equipment	195,636			195,636
Less - accumulated depreciation	<u>(181,078)</u>			<u>(181,078)</u>
Total Noncurrent Assets	<u>14,558</u>			<u>14,558</u>
Total Assets	<u>29,970</u>	<u>127,643</u>	<u>28,066</u>	<u>185,679</u>
LIABILITIES:				
Current Liabilities:				
Cash Overdraft	6,775			6,775
Unearned Revenue	<u>269</u>			<u>269</u>
Total Current Liabilities	<u>7,044</u>			<u>7,044</u>
NET POSITION:				
Net investment in capital assets	14,558			14,558
Unrestricted	<u>8,368</u>	<u>127,643</u>	<u>28,066</u>	<u>164,077</u>
Total Net Position	<u>\$ 22,926</u>	<u>\$ 127,643</u>	<u>\$ 28,066</u>	<u>\$ 178,635</u>

AUDUBON SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2015

	<u>Food Service Fund</u>	<u>Community Education Program</u>	<u>After School Program</u>	<u>Totals</u>
OPERATING REVENUES:				
Charges for Services:				
Daily sales reimbursable programs:				
School lunch	\$ 93,175	\$ -	\$ -	\$ 93,175
Daily sales non-reimbursable programs:				
Adult and a la carte sales	150,679			150,679
Program fees		<u>99,142</u>	<u>120,490</u>	<u>219,632</u>
Total Operating Revenues	<u>243,854</u>	<u>99,142</u>	<u>120,490</u>	<u>463,486</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	232,904	26,930	106,134	365,968
Management fee	24,500			24,500
Supplies and materials	14,254		209	14,463
Other costs	14,334		10,000	24,334
Depreciation	3,990			3,990
Cost of sales	<u>170,447</u>	<u>87,291</u>		<u>257,738</u>
Total Operating Expenses	<u>460,429</u>	<u>114,221</u>	<u>116,343</u>	<u>690,993</u>
Operating Income (Loss)	<u>(216,575)</u>	<u>(15,079)</u>	<u>4,147</u>	<u>(227,507)</u>
Non-Operating Revenues:				
State sources:				
State school lunch program	3,649			3,649
Federal sources:				
National school lunch program	134,906			134,906
National school breakfast program	12,239			12,239
Food distribution program	29,415			29,415
Local sources:				
Interest earned		<u>38</u>		<u>38</u>
Total Non-Operating Revenues	<u>180,209</u>	<u>38</u>		<u>180,247</u>
Income (Loss) before Contributions and Transfers	(36,366)	(15,041)	4,147	(47,260)
Operating Transfers In	<u>20,000</u>			<u>20,000</u>
Changes in Net Position	(16,366)	(15,041)	4,147	(27,260)
Net Position - July 1, 2014	<u>39,292</u>	<u>142,684</u>	<u>23,919</u>	<u>205,895</u>
Net Position - June 30, 2015	<u>\$ 22,926</u>	<u>\$ 127,643</u>	<u>\$ 28,066</u>	<u>\$ 178,635</u>

AUDUBON SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

	<u>Food Service Fund</u>	<u>Community Education Program</u>	<u>After School Program</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 269,965	\$ 99,142	\$ 120,490	\$ 489,597
Cash payments to employees for services	(232,904)	(26,930)	(106,134)	(365,968)
Cash payments to suppliers for goods and services	(226,336)	(87,291)	(10,209)	(323,836)
Net cash provided by (used for) operating activities	<u>(189,275)</u>	<u>(15,079)</u>	<u>4,147</u>	<u>(200,207)</u>
Cash Flows from Noncapital Financing Activities:				
Cash received from state sources	4,101			4,101
Cash received from federal sources	184,846			184,846
Operating transfer in	20,000			20,000
Net cash provided by noncapital financing activities	<u>208,947</u>			<u>208,947</u>
Cash Flows used by Noncapital Financing Activities:				
Cash advance to General Fund				
Cash Flow Provided by Investing Activities:				
Interest on cash equivalents		38		38
Net increase (decrease) in cash and cash equivalents	19,672	(15,041)	4,147	8,778
Cash and cash equivalents - July 1, 2014	(26,447)	67,684	23,919	65,156
Cash and cash equivalents - June 30, 2015	<u>\$ (6,775)</u>	<u>\$ 52,643</u>	<u>\$ 28,066</u>	<u>\$ 73,934</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)				
Operating Activities:				
Operating income (loss)	\$ (216,575)	\$ (15,079)	\$ 4,147	\$ (227,507)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:				
Depreciation	3,990			3,990
Change in assets and liabilities:				
(Increase) decrease in accounts receivables	5,207			5,207
(Increase) decrease in interfund receivables	20,764			20,764
(Increase) decrease in inventories	(2,801)			(2,801)
Increase (decrease) in unearned revenue	140			140
Increase (decrease) in accounts payable				
Net cash provided by (used for) operating activities	<u>\$ (189,275)</u>	<u>\$ (15,079)</u>	<u>\$ 4,147</u>	<u>\$ (200,207)</u>

Noncash Noncapital Financing Activities:

During the year the District received \$29,415 of food commodities from the U.S. Department of Agriculture.

Fiduciary Funds

**AUDUBON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2015**

	Trust Funds			Agency Funds		
	Unemployment Compensation Insurance Trust	Flexible Benefits Trust	Scholarship Trust	Student Activity	Payroll	Totals
ASSETS:						
Cash and cash equivalents	\$ 73,372	\$ 1,734	\$ 106,340	\$ 368,844	\$ 2,893	\$ 553,183
Interfund receivable	<u>325,000</u>			<u>25,000</u>		<u>350,000</u>
Total Assets	<u>\$ 398,372</u>	<u>\$ 1,734</u>	<u>\$ 106,340</u>	<u>\$ 393,844</u>	<u>\$ 2,893</u>	<u>\$ 903,183</u>
LIABILITIES:						
Payroll deductions and withholdings				\$ -	\$ 2,893	\$ 2,893
Due to student groups				<u>393,844</u>		<u>393,844</u>
Total Liabilities				<u>\$ 393,844</u>	<u>\$ 2,893</u>	<u>396,737</u>
NET POSITION:						
Held in trust for payment of claims	\$ 398,372	\$ 1,734	\$ 106,340			506,446
Held in trust for scholarships						<u>506,446</u>
Total Net Position	<u>\$ 398,372</u>	<u>\$ 1,734</u>	<u>\$ 106,340</u>			<u>\$ 506,446</u>

AUDUBON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015

	<u>Flexible Benefits Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals</u>
ADDITIONS:				
Interest on investments	\$ 3	\$ 272	\$ 34	\$ 309
Donations		8,063		8,063
Contributions	<u>18,130</u>		<u>24,786</u>	<u>42,916</u>
Total Additions	<u>18,133</u>	<u>8,335</u>	<u>24,820</u>	<u>51,288</u>
DEDUCTIONS:				
Claims paid	18,190		1,574	19,764
Scholarships paid		<u>14,718</u>		<u>14,718</u>
Total Deductions	<u>18,190</u>	<u>14,718</u>	<u>1,574</u>	<u>34,482</u>
Change in Net Position	(57)	(6,383)	23,246	16,806
Net Position -- July 1, 2014	<u>1,791</u>	<u>112,723</u>	<u>375,126</u>	<u>500,969</u>
Net Position -- June 30, 2015	<u>\$ 1,734</u>	<u>\$ 106,340</u>	<u>\$ 398,372</u>	<u>\$ 517,775</u>

AUDUBON SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2015</u>
High School	\$ 133,600	\$ 331,116	\$ 320,429	\$ 4,833	\$ 149,120
Haviland Avenue School	11,065	1,974	8,755	6,831	11,115
Mansion Avenue School	7,359	4,799	3,940	1,297	9,515
Class Accounts	45,229	24,745	17,008	(3,258)	49,708
Field Trips	1,041	27,959	25,963	(1,410)	1,627
Miscellaneous	76,363	35,198	21,676	(8,022)	81,863
Interest	303				303
Athletic Reserve	102,876	79,228	91,909	(271)	89,924
Athletic Account	2,642	37,503	39,476		669
Total all schools	<u>\$ 380,478</u>	<u>\$ 542,522</u>	<u>\$ 529,156</u>	<u>\$ -</u>	<u>\$ 393,844</u>

AUDUBON SCHOOL DISTRICT
Fiduciary Funds
Payrol Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and cash equivalents	\$ 5,122	\$ 17,390,831	\$ 17,393,060	\$ 2,893
Total Assets	<u>\$ 5,122</u>	<u>\$ 17,390,831</u>	<u>\$ 17,393,060</u>	<u>\$ 2,893</u>
 LIABILITIES:				
Net payroll	\$ -	\$ 8,774,116	\$ 8,774,116	\$ -
Summer savings		592,134	592,134	
Interfund payable	180		180	
Payroll deductions and withholdings	<u>4,942</u>	<u>8,024,581</u>	<u>8,026,630</u>	<u>2,893</u>
Total Liabilities	<u>\$ 5,122</u>	<u>\$ 17,390,831</u>	<u>\$ 17,393,060</u>	<u>\$ 2,893</u>

Long-Term Debt Schedules

AUDUBON SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
			Date	Amount					
Refunding bonds of 2012 Issue	1/15/12	\$ 8,870,000	1/15/16	\$ 770,000	2.000%	\$ 8,670,000	\$ -	\$ 750,000	\$ 7,920,000
			1/15/17	755,000	2.000%				
			1/15/18	740,000	2.000%				
			1/15/19	775,000	2.000%				
			1/15/20	730,000	3.000%				
			1/15/21	770,000	3.000%				
			1/15/22	785,000	4.000%				
			1/15/23	815,000	4.000%				
			1/15/24	880,000	4.000%				
			1/15/25	900,000	4.000%				
						<u>\$ 8,670,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 7,920,000</u>

AUDUBON SCHOOL DISTRICT
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2015

Series	Date of Lease	Maturity Date	Interest Rate	Amount of Original Issue		Amount Outstanding July 1, 2014	Issued	Retired	Amount Outstanding June 30, 2015
				Principal	Interest				
High Efficiency Boilers	10/03/11	10/07/16	2.45%	\$ 295,177	\$ 22,406	\$ 184,338	\$ -	\$ 59,965	\$ 124,373
Facilities Lease - Ground Use	07/01/14	07/01/18	1.48%	500,000	19,183		500,000		500,000
						<u>\$ 184,338</u>	<u>\$ 500,000</u>	<u>\$ 59,965</u>	<u>\$ 624,373</u>

**AUDUBON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 987,503	\$ -	\$ 987,503	\$ 987,503	\$ -
Total Revenues	<u>987,503</u>		<u>987,503</u>	<u>987,503</u>	
EXPENDITURES:					
Regular debt service:					
Interest	256,000		256,000	256,000	
Redemption of principal	<u>750,000</u>		<u>750,000</u>	<u>750,000</u>	
Total regular debt service	<u>1,006,000</u>		<u>1,006,000</u>	<u>1,006,000</u>	
Excess (Deficiency) of revenues over (under) expenditures	(18,497)		(18,497)	(18,497)	
Other Financing Sources:					
Operating transfers in					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(18,497)		(18,497)	(18,497)	
Fund Balance - July 1, 2014	<u>18,497</u>		<u>18,497</u>	<u>18,497</u>	
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

Audubon School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

J-1

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:										
Net investment in capital assets	\$ 11,521,273	\$ 11,930,471	\$10,474,736	\$10,539,513	\$ 10,621,108	\$ 10,778,212	\$ 10,563,764	\$ 11,049,885	\$ 11,602,230	\$ 12,095,981
Restricted for:										
Capital projects	53,264	59,162	33,439	135,890	150,809	45,790	45,790	145,790	145,905	146,090
Debt service	-	10,175	10,175	-	-	-	-	-	-	-
Other purposes	226,846	176,349	269,632	265,101	625,184	483,461	837,735	626,114	696,463	481,177
Unrestricted	(1,459,678)	(1,521,693)	(1,406,239)	(1,528,614)	(1,570,690)	(1,338,067)	(1,274,859)	(1,394,258)	(1,312,237)	(7,002,443)
Total governmental activities net position	<u>\$ 10,341,705</u>	<u>\$ 10,654,464</u>	<u>\$ 9,381,743</u>	<u>\$ 9,411,890</u>	<u>\$ 9,826,411</u>	<u>\$ 9,969,396</u>	<u>\$ 10,172,430</u>	<u>\$ 10,427,531</u>	<u>\$ 11,132,361</u>	<u>\$ 5,720,805</u>
Business-type activities:										
Net investment in capital assets	\$ 48,567	\$ 37,882	\$ 20,250	\$ 17,190	\$ 14,130	\$ 23,521	\$ 23,814	\$ 23,888	\$ 18,548	\$ 14,558
Unrestricted	109,486	111,220	104,728	153,976	175,316	176,786	152,321	165,767	187,347	164,077
Total business-type activities net position	<u>\$ 158,053</u>	<u>\$ 149,102</u>	<u>\$ 124,978</u>	<u>\$ 171,166</u>	<u>\$ 189,446</u>	<u>\$ 200,307</u>	<u>\$ 176,135</u>	<u>\$ 189,655</u>	<u>\$ 205,895</u>	<u>\$ 178,635</u>
District-wide:										
Net investment in capital assets	\$ 11,569,840	\$ 11,968,353	\$10,494,986	\$10,556,703	\$ 10,635,238	\$ 10,801,733	\$ 10,587,578	\$ 11,073,773	\$ 11,620,778	\$ 12,110,539
Restricted:										
Capital projects	53,264	59,162	33,439	135,890	150,809	45,790	45,790	145,790	145,905	146,090
Debt service	-	10,175	10,175	-	-	-	-	-	-	-
Other purposes	226,846	176,349	269,632	265,101	625,184	483,461	837,735	626,114	696,463	481,177
Unrestricted	(1,350,192)	(1,410,473)	(1,301,511)	(1,374,638)	(1,395,374)	(1,161,281)	(1,122,538)	(1,228,491)	(1,124,890)	(6,838,366)
Total district net position	<u>\$ 10,499,758</u>	<u>\$ 10,803,566</u>	<u>\$ 9,506,721</u>	<u>\$ 9,583,056</u>	<u>\$ 10,015,857</u>	<u>\$ 10,169,703</u>	<u>\$ 10,348,565</u>	<u>\$ 10,617,186</u>	<u>\$ 11,338,256</u>	<u>\$ 5,899,440</u>

Audubon School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 6,687,289	\$ 6,935,683	\$ 7,211,595	\$ 6,700,138	\$ 7,415,608	\$ 6,896,055	\$ 6,699,651	\$ 6,732,336	\$ 7,186,016	\$ 7,227,391
Special education	1,553,419	1,568,855	1,674,081	1,487,508	1,583,603	1,638,030	2,103,198	2,135,574	2,140,613	2,207,045
Other instruction	899,973	917,561	866,228	977,813	978,986	1,061,682	1,124,921	1,104,222	1,120,653	1,180,005
Support Services:										
Tuition	547,097	611,728	476,745	610,272	590,942	789,288	981,328	913,270	918,019	881,553
Student & instruction related services	1,775,462	1,734,057	1,740,180	2,036,527	2,140,961	2,208,581	2,194,156	2,270,838	2,404,025	2,590,979
General administrative services	344,428	342,117	376,133	370,343	373,972	404,882	468,260	400,541	346,080	440,310
School administrative services	768,553	807,240	856,471	897,418	932,150	935,505	982,722	1,015,206	1,000,431	985,567
Central administrative services	449,265	472,777	467,469	427,657	428,175	431,545	492,729	525,491	541,492	584,814
Plant operations and maintenance	1,578,713	1,576,573	1,720,159	1,818,448	1,618,874	1,849,599	1,725,813	1,753,205	1,928,504	1,861,450
Pupil transportation	286,463	288,880	374,663	324,768	357,905	334,505	341,603	350,664	366,696	410,566
Business and other support services										
Unallocated employee benefits	4,678,898	5,396,365	5,667,577	5,090,561	4,745,626	4,794,167	5,234,737	5,909,433	5,697,808	6,303,817
Transfer of funds to charter school								22,128	-	
Interest on long-term debt	570,885	727,693	644,414	516,610	493,454	466,463	701,040	70,205	274,846	256,000
Unallocated depreciation	216,776	200,761	610,336	612,272	610,369	616,756	626,219	874,409	624,744	661,596
Total governmental activities expenses	<u>20,357,221</u>	<u>21,580,290</u>	<u>22,686,051</u>	<u>21,870,335</u>	<u>22,270,625</u>	<u>22,427,058</u>	<u>23,676,377</u>	<u>24,077,522</u>	<u>24,549,927</u>	<u>25,591,093</u>
Business-type activities:										
Food service	437,210	425,910	457,473	455,114	446,507	432,216	427,496	437,162	448,963	460,429
Community education	70,637	83,196	86,112	80,511	90,748	76,943	72,997	100,834	101,462	114,221
After school program	106,804	101,664	107,836	104,680	94,206	110,980	108,892	104,917	105,705	116,343
Total business-type activities expense	<u>614,651</u>	<u>610,770</u>	<u>651,421</u>	<u>640,305</u>	<u>631,461</u>	<u>620,139</u>	<u>609,385</u>	<u>642,913</u>	<u>656,130</u>	<u>690,993</u>
Total district expenses	<u>\$ 20,971,872</u>	<u>\$ 22,191,060</u>	<u>\$ 23,337,472</u>	<u>\$ 22,510,640</u>	<u>\$ 22,902,086</u>	<u>\$ 23,047,197</u>	<u>\$ 24,285,762</u>	<u>\$ 24,720,435</u>	<u>\$ 25,206,057</u>	<u>\$ 26,282,086</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 3,419,279	\$ 3,519,748	\$ 3,802,681	\$ 3,887,698	\$ 2,486,013	\$ 2,702,485	\$ 2,861,756	\$ 2,749,838	\$ 2,679,181	\$ 2,544,829
Operating grants and contributions	2,389,221	2,894,841	2,929,597	1,956,388	2,236,642	2,163,176	2,362,867	2,919,690	2,661,888	3,229,974
Capital grants and contributions	176,292	8,945	7,796	8,098						
Total governmental activities program revenues	<u>5,984,792</u>	<u>6,423,534</u>	<u>6,740,074</u>	<u>5,852,184</u>	<u>4,722,655</u>	<u>4,865,661</u>	<u>5,224,623</u>	<u>5,669,528</u>	<u>5,341,069</u>	<u>5,774,803</u>

(Continued)

Audubon School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services:										
Food service	\$ 319,316	\$ 341,344	\$ 340,858	\$ 339,234	\$ 313,605	\$ 274,866	\$ 241,804	\$ 245,537	\$ 246,017	\$ 243,854
Community education	91,410	87,525	93,644	91,663	90,990	85,087	83,655	105,679	108,971	99,142
After school program	87,377	87,430	92,698	113,360	103,078	118,793	101,830	106,566	105,481	120,490
Capital grants and contributions								5,360		
Operating grants and contributions	79,351	76,767	96,412	110,552	118,415	117,742	145,719	162,848	173,809	180,209
Total business type activities program revenues	<u>577,454</u>	<u>593,066</u>	<u>623,612</u>	<u>654,809</u>	<u>626,088</u>	<u>596,488</u>	<u>573,008</u>	<u>625,990</u>	<u>634,278</u>	<u>643,695</u>
Total district program revenues	<u>\$ 6,562,246</u>	<u>\$ 7,016,600</u>	<u>\$ 7,363,686</u>	<u>\$ 6,506,993</u>	<u>\$ 5,348,743</u>	<u>\$ 5,462,149</u>	<u>\$ 5,797,631</u>	<u>\$ 6,295,518</u>	<u>\$ 5,975,347</u>	<u>\$ 6,418,498</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (14,372,429)	\$ (15,156,756)	\$ (15,945,977)	\$(16,018,151)	\$ (17,547,970)	\$(17,561,397)	\$ (18,451,754)	\$ (18,407,994)	\$ (19,208,858)	\$ (19,816,290)
Business-type activities	(37,197)	(17,704)	(27,809)	14,504	(5,373)	(23,651)	(36,377)	(16,923)	(21,852)	(47,298)
Total district-wide net expense	<u>\$ (14,409,626)</u>	<u>\$ (15,174,460)</u>	<u>\$ (15,973,786)</u>	<u>\$(16,003,647)</u>	<u>\$ (17,553,343)</u>	<u>\$(17,585,048)</u>	<u>\$ (18,488,131)</u>	<u>\$ (18,424,917)</u>	<u>\$ (19,230,710)</u>	<u>\$ (19,863,588)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 7,827,851	\$ 8,500,527	\$ 8,936,698	\$ 9,219,733	\$ 9,328,923	\$ 9,813,891	\$ 10,010,169	\$ 10,110,372	\$ 10,312,579	\$ 10,518,831
Taxes levied for debt service	916,482	969,406	980,895	868,522	921,729	960,700	1,043,016	938,312	1,163,570	987,503
Unrestricted grants and contributions	5,840,251	5,812,509	5,961,775	5,774,930	7,516,359	6,763,062	7,290,221	7,455,220	8,196,226	8,302,588
Investment earnings	8,534	11,302	8,387	2,797	14,919	194				
Miscellaneous income	192,351	180,771	208,907	237,469	202,561	199,633	322,736	263,243	279,313	269,265
Prior year payables cancelled										
Prior year receivables cancelled				(45,153)						
Loss on disposal of assets										
Transfers	(20,000)	(5,000)	(15,000)	(10,000)	(22,000)	(33,098)	(11,354)	(30,000)	(38,000)	(20,000)
Total governmental activities	<u>14,765,469</u>	<u>15,469,515</u>	<u>16,081,662</u>	<u>16,048,298</u>	<u>17,962,491</u>	<u>17,704,382</u>	<u>18,654,788</u>	<u>18,737,147</u>	<u>19,913,688</u>	<u>20,058,187</u>
Business-type activities:										
Investment earnings	2,596	3,753	2,760	1,666	1,653	1,414	851	443	92	38
Prior year payables cancelled				20,018						
Transfers	20,000	5,000	15,000	10,000	22,000	33,098	11,354	30,000	38,000	20,000
Total business-type activities	<u>22,596</u>	<u>8,753</u>	<u>17,760</u>	<u>31,684</u>	<u>23,653</u>	<u>34,512</u>	<u>12,205</u>	<u>30,443</u>	<u>38,092</u>	<u>20,038</u>
Total district-wide	<u>\$ 14,788,065</u>	<u>\$ 15,478,268</u>	<u>\$ 16,099,422</u>	<u>\$ 16,079,982</u>	<u>\$ 17,986,144</u>	<u>\$ 17,738,894</u>	<u>\$ 18,666,993</u>	<u>\$ 18,767,590</u>	<u>\$ 19,951,780</u>	<u>\$ 20,078,225</u>
Change in Net Position:										
Governmental activities	\$ 393,040	\$ 312,759	\$ 135,685	\$ 30,147	\$ 414,521	\$ 142,985	\$ 203,034	\$ 329,153	\$ 704,830	\$ 241,897
Business-type activities	(14,601)	(8,951)	(10,049)	46,188	18,280	10,861	(24,172)	13,520	16,240	(27,260)
Total district-wide	<u>\$ 378,439</u>	<u>\$ 303,808</u>	<u>\$ 125,636</u>	<u>\$ 76,335</u>	<u>\$ 432,801</u>	<u>\$ 153,846</u>	<u>\$ 178,862</u>	<u>\$ 342,673</u>	<u>\$ 721,070</u>	<u>\$ 214,637</u>

Audubon School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:										
Restricted for:										
Capital reserve	\$ 26,277	\$ 27,404	\$ 27,415	\$ 105,213	\$ 120,132	\$ 15,113	\$ 15,113	\$ 115,113	\$ 115,228	\$ 115,413
Future tuition payments			180,932	214,040	375,184	233,461	72,317	-	-	-
Excess surplus	105,546	55,049					302,713	112,272	192,856	85,637
Excess surplus - designated for subsequent year								302,713	112,272	192,856
Assigned to:										
Year-end Encumbrances				1,061						
Designated for subsequent year's budget	121,300	121,300	88,700	50,000	250,000	250,000	462,705	192,632	372,838	202,684
Unassigned	64,259	99,465	101,015	(203,576)	(305,912)	(179,525)	(217,511)	(217,959)	(267,154)	(341,078)
Total general fund	<u>\$ 317,382</u>	<u>\$ 303,218</u>	<u>\$ 398,062</u>	<u>\$ 166,738</u>	<u>\$ 439,404</u>	<u>\$ 319,049</u>	<u>\$ 635,337</u>	<u>\$ 504,771</u>	<u>\$ 526,040</u>	<u>\$ 255,512</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund	\$ (1,977)	\$ (1,980)	\$ (1,980)							
Capital projects fund	26,987	31,758	6,024	\$ 30,677	\$ 30,677	\$ 30,677	\$ 30,677	\$ 30,677	\$ 30,677	\$ 30,677
Debt service fund		10,175	10,175					18,497	18,497	
Total all other governmental funds	<u>\$ 25,010</u>	<u>\$ 39,953</u>	<u>\$ 14,219</u>	<u>\$ 30,677</u>	<u>\$ 30,677</u>	<u>\$ 30,677</u>	<u>\$ 30,677</u>	<u>\$ 49,174</u>	<u>\$ 49,174</u>	<u>\$ 30,677</u>

Audubon School District
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax levy	\$ 8,744,333	\$ 9,469,933	\$ 9,917,593	\$ 10,088,255	\$ 10,250,652	\$ 10,774,591	\$ 11,053,185	\$ 11,048,684	\$ 11,476,149	\$ 11,506,334
Tuition charges	3,419,279	3,519,748	3,802,681	3,887,698	2,486,013	2,702,485	2,861,756	2,749,838	2,679,181	2,544,829
Interest earnings	8,534	11,302	8,387	2,797	14,919	194				
Miscellaneous	192,351	163,499	208,907	237,469	202,561	199,633	322,736	263,243	279,313	269,265
State sources	7,669,760	8,196,536	8,371,772	7,333,170	7,994,764	8,352,205	8,897,683	9,811,571	10,206,082	10,844,166
Federal sources	736,004	519,759	527,396	406,246	1,767,086	574,033	755,405	563,339	652,032	688,396
Total revenue	20,770,261	21,880,777	22,836,736	21,955,635	22,715,995	22,603,141	23,890,765	24,436,675	25,292,757	25,852,990
Expenditures										
Instruction										
Regular instruction	6,734,572	6,810,322	7,201,898	6,803,687	7,324,777	6,982,983	6,629,431	6,732,283	7,279,627	7,245,205
Special education instruction	1,553,419	1,568,855	1,674,081	1,487,508	1,583,603	1,638,030	2,103,198	2,135,574	2,140,613	2,207,045
Other instruction	899,973	917,561	866,228	977,813	978,986	1,061,682	1,124,921	1,104,222	1,120,653	1,180,005
Support Services:										
Tuition	547,097	611,728	476,745	610,272	590,942	789,288	981,328	913,270	918,019	881,553
Student & instruction related services	1,775,462	1,734,057	1,740,180	2,036,527	2,149,810	2,208,581	2,194,156	2,270,838	2,404,025	2,590,979
General administration	344,428	342,117	369,438	364,370	370,483	404,132	467,745	400,261	345,800	440,030
School administrative services	768,553	807,240	856,471	897,418	932,150	935,505	982,722	1,015,206	1,000,431	985,567
Central services	416,611	463,774	467,469	427,657	428,175	431,545	492,729	525,491	541,492	584,814
Plant operations and maintenance	1,479,412	1,592,091	1,706,215	1,785,104	1,751,800	1,793,283	1,706,521	1,665,454	1,746,430	1,737,874
Pupil transportation	263,856	270,329	359,806	316,517	346,644	325,132	332,230	340,979	350,902	394,772
Other support services										
Employee benefits	4,678,898	5,396,365	5,667,577	5,090,561	4,745,626	4,794,167	5,234,737	5,909,433	5,697,808	6,291,850
Transfer of funds to charter school								22,128		
Capital outlay	721,799	235,781	220,764	289,816	152,198	250,691	453,291	456,426	418,608	1,076,321
Debt service:										
Principal	500,000	465,000	495,000	505,000	565,000	600,000	705,000	770,000	970,000	750,000
Interest and other charges	575,660	732,050	650,754	523,098	501,135	475,379	450,291	257,179	289,080	256,000
Total expenditures	21,259,740	21,947,270	22,752,626	22,115,348	22,421,329	22,690,398	23,858,300	24,518,744	25,223,488	26,622,015
Excess (Deficiency) of revenues over (under) expenditures	(489,479)	(66,493)	84,110	(159,713)	294,666	(87,257)	32,465	(82,069)	69,269	(769,025)
Other Financing sources (uses)										
Prior year accounts payable canceled		17,272		(45,153)						
Capital lease (nonbudgeted)	140,000	55,000					295,177			500,000
Transfers in		10,175	8,375							
Transfers out	(20,000)	(15,175)	(23,375)	(10,000)	(22,000)	(33,098)	(11,354)	(30,000)	(38,000)	(20,000)
Total other financing sources (uses)	120,000	67,272	(15,000)	(55,153)	(22,000)	(33,098)	283,823	(30,000)	(38,000)	480,000
Net change in fund balances	\$ (369,479)	\$ 779	\$ 69,110	\$ (214,866)	\$ 272,666	\$ (120,355)	\$ 316,288	\$ (112,069)	\$ 31,269	\$ (289,025)
Debt service as a percentage of noncapital expenditures	5.24%	5.51%	5.09%	4.71%	4.79%	4.79%	4.94%	4.27%	5.08%	3.94%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Audubon School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

J-5

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Rentals</u>	<u>Transfer From Unemployment</u>	<u>E-rate</u>	<u>Pay to Play</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 135,463	\$ 3,419,279	\$ 30,138	\$ 30,090	\$ -	\$ -	\$ -	\$ 5,194	\$ 3,620,164
2007	73,206	3,519,748	35,132	65,700				763	3,694,549
2008	57,021	3,802,681	66,647	67,915				25,711	4,019,975
2009	16,396	3,887,698	10,807	92,338	101,753			18,972	4,127,964
2010	24,619	2,486,013	80,563	89,924				22,374	2,703,493
2011	10,284	2,702,485	43,563	95,063			37,175	13,742	2,902,312
2012	8,427	2,861,756	95,257	161,811		17,400	30,412	9,429	3,184,492
2013	2,904	2,749,838	37,987	162,419			14,728	45,205	3,013,081
2014	958	2,679,181	22,754	171,572			43,485	40,429	2,958,379
2015	1,034	2,544,829	47,522	164,096			31,000	25,613	2,814,094
	<u>\$ 330,312</u>	<u>\$ 30,653,508</u>	<u>\$ 470,370</u>	<u>\$ 1,100,928</u>	<u>\$ 101,753</u>	<u>\$ 17,400</u>	<u>\$ 156,800</u>	<u>\$ 207,432</u>	<u>\$ 33,038,503</u>

Source: District records

**Audubon School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Tax-Exempt Property</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized) Value</u>
2006	\$ 1,213,900	\$ 293,451,850	\$ 41,586,600	\$ 140,000	\$ 8,985,500	\$ 345,377,850	\$ 409,503	\$ 345,787,353	\$ 27,186,800	2.738	\$ 570,591,137
2007	1,136,700	293,651,150	49,638,300	140,000	8,114,600	352,680,750	369,893	353,050,643	27,084,400	2.810	694,607,033
2008	1,088,400	294,275,350	50,105,100	140,000	7,909,900	353,518,750	1,510,509	355,029,259	27,220,000	2.857	745,875,463
2009 R	3,140,550	627,251,600	100,783,204	750,900	17,213,600	749,139,854	1,660,744	750,800,598	54,500,900	1.362	773,143,706
2010	2,953,500	625,218,800	99,007,104	590,000	16,028,100	743,797,504	2,093,216	745,890,720	56,378,200	1.412	762,460,046
2011	2,378,000	623,609,000	96,257,804	590,000	14,307,500	737,142,304	1,639,236	738,781,540	56,764,700	1.457	749,039,997
2012	2,028,300	621,741,700	95,548,404	590,000	14,307,500	734,215,904	1,555,827	735,771,731	56,764,700	1.459	753,330,922
2013	1,897,000	621,118,700	94,902,804	590,000	14,307,500	732,816,004	1,520,417	734,336,421	56,945,600	1.515	750,311,856
2014	1,532,100	619,210,500	94,165,104	350,000	14,401,400	729,659,104	1,361,953	731,021,057	57,043,900	1.569	712,557,462
2015	1,537,300	614,309,900	92,964,504	350,000	14,041,400	723,203,104	1,391,805	724,594,909	57,238,600	1.612	676,151,844

Source:
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, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100 of assessed valuation.
- c Information not available.
- R Reassessment

Audubon School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

J-7

Fiscal Year Ended June 30,	Audubon School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Audubon	Library	Camden County	
2006	\$ 2.478	\$ 0.260	\$ 2.738	\$ 1.042	\$ -	\$ 1.249	\$ 5.029
2007	2.540	0.270	2.810	1.102		1.296	5.208
2008	2.611	0.246	2.857	1.212		1.211	5.280
2009 R	1.239	0.123	1.362	0.651		0.597	2.610
2010	1.289	0.123	1.412	0.721		0.625	2.758
2011	1.337	0.120	1.457	0.734	0.033	0.680	2.904
2012	1.339	0.120	1.459	0.775	0.034	0.742	3.010
2013	1.362		1.362	0.807	0.034	0.802	3.005
2014	1.396	0.173	1.569	0.825	0.032	0.785	3.211
2015	1.435	0.177	1.612	0.825	0.031	0.755	3.223

Source: Municipal Tax Collector

R Reassessment

Audubon School District
Principal Property Tax Payers,
Current Year and Nine Years Ago

J-8

Taxpayer	2015		Taxpayer	2006	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Wolfson Group, LLC	\$ 17,810,500	2.46%	Audubon Ventures	\$ 13,002,100	3.76%
Wolfson Group, LLC	14,310,600	1.97%	Public Service Electric & Gas	3,601,900	1.04%
Supervalu	9,000,000	1.24%	Imperial Reality Association	1,560,000	0.45%
PSE&G	3,500,000	0.48%	Oak Terrace Apartments, LLC	1,310,700	0.38%
Audubon Equities, LLC	1,750,000	0.24%	Audubon Equities, LLC	1,006,100	0.29%
Oak Terrace Apartments, LLC	1,700,000	0.23%	Benjamin Company	825,000	0.24%
Lee Associates	1,378,200	0.19%	Audubon Pharmacy Co.	753,100	0.22%
Bell Atlantic	1,361,953	0.19%	WANN, LLC	710,000	0.21%
Audubon Savings Bank	1,264,100	0.17%	622 Castle Arms, LLC	700,000	0.20%
Castle Arms	1,200,000	0.17%	Guy E. Elzy, Jr.	625,000	0.18%
Total	<u>\$ 53,275,353</u>	<u>7.35%</u>		<u>\$ 24,093,900</u>	<u>6.97%</u>

Source: Municipal Tax Assessor

**Audubon School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 8,744,333	\$ 8,744,333	100.00%	\$ -
2007	9,469,933	9,469,933	100.00%	-
2008	9,917,593	9,917,593	100.00%	-
2009	10,088,255	10,088,255	100.00%	-
2010	10,235,157	10,235,157	100.00%	-
2011	10,774,591	10,774,591	100.00%	-
2012	11,053,185	11,053,185	100.00%	-
2013	11,048,684	11,048,684	100.00%	-
2014	11,476,149	10,312,579	89.86%	1,163,570
2015	11,506,334	10,618,831	92.29%	887,503

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

a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statutes, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Audubon School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds ^a	Unfunded Pension Liability	Capital Leases	Capital Leases	Total District		
2006	\$ 13,335,000	\$ -	\$ 66,696	\$ -	\$ 13,401,696	3.79%	\$ 1,493
2007	12,870,000	-	253,048	-	13,123,048	3.60%	1,468
2008	12,375,000	-	349,837	-	12,724,837	3.40%	1,431
2009	11,870,000	-	331,723	-	12,201,723	3.27%	1,374
2010	11,305,000	-	211,049	-	11,516,049	3.09%	1,307
2011	10,705,000	-	-	-	10,705,000	2.75%	1,216
2012	10,410,000	-	295,177	-	10,705,177	2.70%	1,218
2013	9,640,000	-	242,869	-	9,882,869	2.48%	1,129
2014	8,670,000	-	184,338	-	8,854,338	d	1,017
2015	7,920,000	-	624,373	-	8,544,373	d	d

Sources:

- a District Records.
- b Personal Income has been estimated based upon the municipal population and per capita personal income.
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.
- d Not available.

Audubon School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2006	\$ 13,335,000	\$ -	\$ 13,335,000	3.86%	\$ 1,486
2007	12,870,000	-	12,870,000	3.65%	1,439
2008	12,375,000	-	12,375,000	3.49%	1,391
2009	11,870,000	-	11,870,000	1.58%	1,336
2010	11,305,000	-	11,305,000	1.52%	1,283
2011	10,705,000	-	10,705,000	1.45%	1,216
2012	10,410,000	-	10,410,000	1.41%	1,184
2013	9,640,000	-	9,640,000	1.31%	1,101
2014	8,670,000	-	8,670,000	1.19%	995
2015	7,920,000	-	7,920,000	1.09%	d

Sources:

- a District Records
- b Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.
- d Not available.

Audubon School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2014

<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:			
Borough of Audubon	\$ 2,179,000 (1)	100.000%	\$ 2,179,000
Camden County General Obligation Debt	246,860,397 (1)	1.912% (2)	4,719,971
Subtotal, overlapping debt			<u>6,898,971</u>
Audubon School District Direct Debt			<u>8,760,000</u>
Total direct and overlapping debt			<u><u>\$ 15,658,971</u></u>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2014 Equalized Valuation. The source for this computation was the 2014 County Abstract of Ratables, provided by the County Board of Taxation.

**Audubon School District
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)**

J-13

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis (1)
2012	\$ 746,677,227
2013	709,149,331
2014	676,236,426
	<u>\$2,132,062,984</u>
Average equalized valuation of taxable property	<u>\$ 710,687,661</u>
Debt limit (4% of average equalized valuation) (2)	28,427,506
Net bonded school debt (3)	<u>7,920,000</u>
Legal debt margin	<u>\$ 20,507,506</u>

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	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 19,898,338	\$ 23,087,507	\$ 26,373,636	\$ 29,029,857	\$ 30,161,027	\$ 30,285,422	\$ 30,088,948	\$ 29,912,234	\$ 29,403,427	\$ 28,427,506
Total net debt applicable to limit (3)	<u>13,335,000</u>	<u>12,870,000</u>	<u>12,375,000</u>	<u>11,870,000</u>	<u>11,305,000</u>	<u>10,705,000</u>	<u>10,410,000</u>	<u>9,640,000</u>	<u>8,670,000</u>	<u>7,920,000</u>
Legal debt margin	<u>\$ 6,563,338</u>	<u>\$ 10,217,507</u>	<u>\$ 13,998,636</u>	<u>\$ 17,159,857</u>	<u>\$ 18,856,027</u>	<u>\$ 19,580,422</u>	<u>\$ 19,678,948</u>	<u>\$ 20,272,234</u>	<u>\$ 20,733,427</u>	<u>\$ 20,507,506</u>
Total net debt applicable to the limit as a percentage of debt limit	67.02%	55.74%	46.92%	40.89%	37.48%	35.35%	34.60%	32.23%	29.49%	27.86%

Sources:

- (1) Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 12 district.
- (3) District Records

Audubon School District
 Demographic and Economic Statistics
 Last Ten Fiscal Years

J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2006	8,974	\$ 353,342,276	\$ 39,374	1.8%
2007	8,941	364,774,918	40,798	1.6%
2008	8,894	374,046,064	42,056	2.2%
2009	8,883	373,405,788	42,036	3.5%
2010	8,814	372,215,220	42,230	3.7%
2011	8,802	389,303,658	44,229	3.7%
2012	8,789	396,058,707	45,063	3.7%
2013	8,756	398,783,264	45,544	7.8%
2014	8,710	e	e	7.5%
2015	e	e	e	e

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^c Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e Information not available

**Audubon School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

J-16

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	124	124	124	118	118	118	118	124	124	124
Special education	17	17	17	17	17	17	18	19	19	19
Other special education	1	1	1	1	1	1	1	1	1	1
Other instruction	13	13	13	13	13	13	13	15	15	15
Support Services:										
Student & instruction related services	16	16	16	16	16	16	16	16	16	16
School administrative services	10	10	10	10	10	10	10	10	10	10
General and business administrative services	9	9	9	9	9	9	9	9	9	9
Plant operations and maintenance	25	25	25	25	25	25	25	25	25	25
Pupil transportation	3	3	3	3	3	3	3	3	3	3
Business and other support services	5	5	5	5	5	5	5	5	5	5
Total	<u>223</u>	<u>223</u>	<u>223</u>	<u>217</u>	<u>217</u>	<u>217</u>	<u>218</u>	<u>227</u>	<u>227</u>	<u>227</u>

Source:
District Personnel Records

Audubon School District
 Operating Statistics,
 Last Ten Fiscal Years

J-17

Fiscal Year	Resident Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Masion Avenue School	Havilnd Avenue School	Senior High School				
2006	1,629	\$ 19,462,281	\$ 11,947	7.42%	154	1:23	1:20	1:21	1,629.0	1,586.0	-2.51%	97.36%
2007	1,567	20,514,439	13,092	9.58%	155	1:22	1:20	1:20	1,567.0	1,487.0	-3.81%	94.89%
2008	1,524	21,386,108	14,033	7.19%	155	1:22	1:20	1:20	1,524.0	1,475.0	-2.74%	96.78%
2009	1,522	20,797,434	13,665	-2.62%	149	1:22	1:20	1:20	1,498.0	1,429.0	-1.71%	95.39%
2010	1,521	21,202,996	13,940	2.02%	149	1:22	1:20	1:20	1,482.0	1,429.0	-1.07%	96.42%
2011	1,480	21,364,328	14,435	3.55%	149	1:22	1:20	1:20	1,440.0	1,368.0	-2.83%	95.00%
2012	1,439	22,249,718	15,462	7.11%	149	1:22	1:20	1:20	1,402.0	1,337.0	-2.64%	95.36%
2013	1,485	23,035,139	15,512	0.32%	159	1:22	1:20	1:20	1,410.0	1,334.0	0.57%	94.61%
2014	1,476	23,545,800	15,952	2.84%	159	1:22	1:20	1:20	1,410.0	1,337.9	0.00%	94.89%
2015	1,553	24,539,694	15,801	-0.95%	159	1:22	1:20	1:20	1,548.0	1,465.0	9.79%	94.64%

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Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- 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).

**Audubon School District
School Building Information
Last Ten Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building										
Elementary										
Haviland Avenue School										
Square Feet	41,702	41,702	41,702	41,702	41,702	41,702	41,702	41,702	41,702	41,702
Capacity (students)	400	400	400	400	400	400	400	400	400	400
Enrollment	266	262	217	259	259	259	276	255	249	284
Mansion Avenue School										
Square Feet	48,439	48,439	48,439	48,439	48,439	48,439	48,439	48,439	48,439	48,439
Capacity (students)	575	575	575	575	575	575	575	575	575	575
Enrollment	404	401	390	392	392	392	369	323	292	358
Audubon Jr/Sr High School										
Square Feet	187,024	187,024	187,024	187,024	187,024	187,024	187,024	187,024	187,024	187,024
Capacity (students)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	911	904	917	820	820	820	781	832	869	823
Number of Schools at June 30, 2015										
Elementary	2									
Jr/Sr High School	1									

Source: District Facilities Office

**Audubon School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
* School Facilities											
High School	\$ 162,431	\$ 155,068	\$ 148,264	\$ 166,540	\$ 172,858	\$ 177,941	\$ 184,140	\$ 203,422	\$ 189,110	\$ 202,847	\$ 1,762,621
Haviland School	43,146	39,424	38,040	43,557	43,214	47,045	48,912	43,268	40,307	45,231	432,144
Mansion School	48,222	44,442	42,853	46,118	45,834	51,750	54,668	50,276	46,656	52,536	483,355
Total School Facilities	<u>\$ 253,798</u>	<u>\$ 238,934</u>	<u>\$ 229,157</u>	<u>\$ 256,215</u>	<u>\$ 261,906</u>	<u>\$ 276,736</u>	<u>\$ 287,720</u>	<u>\$ 296,966</u>	<u>\$ 276,073</u>	<u>\$ 300,614</u>	<u>\$ 2,678,119</u>

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**Audubon School District
Insurance Schedule
June 30, 2015**

J-20

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy (1)		
Building and Contents (All Locations)		
Limits of liability per occurrence	\$ 250,000,000	\$ 1,000
General liability	5,000,000	
General and Auto liability	5,000,000	1,000
Comprehensive crime coverage		
Employee Dishonesty	500,000	1,000
Forgery or Alteration	50,000	1,000
Boiler and machinery	100,000,000	
Excess Liability	5,000,000	1,000
Professional Liability	5,000,000	5,000
Workers Compensation (2)		
Bodily Injury by Accident	Statutory	
Bodily Injury by Disease	Statutory	
Volunteer Accident Insurance (3)	500,000	
Surety Bonds (4)		
Treasurer	250,000	
Board Secretary	75,000	

- (1) School Alliance Insurance Fund
- (2) NJ School Board Association
- (3) National Fire of Pittsburgh Insurance Company
- (4) Selective Insurance Company

Source: District records

Single Audit Section

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 American Institute of CPAs
 New Jersey Society of CPAs

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE
 AS REQUIRED BY OMB CIRCULAR A-133
 AND STATE OF NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
 of the Board of Education
 Audubon School District
 County of Camden
 Audubon, New Jersey

Report on Compliance for Each Major Federal and State Program

I have audited Audubon School District (School District), in the County of Camden, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2015. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and State of New Jersey Circular OMB's 04-04 and/or 15-08 require that I 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 School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal and state program. However, my audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal and State Program

In my opinion, the Audubon School District, in the County of Camden, 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 each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Audubon School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state programs and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey OMB's Circular 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Audubon's School District's internal control over compliance.

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

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

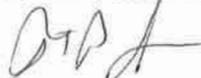
The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the New Jersey OMB's Circular 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by New Jersey OMB 04-04 and/or 15-08

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Audubon School District, in the County of Camden, State of New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I have issued my report thereon dated November 27, 2015, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditure of federal awards and the schedules of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
November 27, 2015

AUDUBON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2014			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2015		
					(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I:														
ARRA	84.389	ARRA015011	\$ 28,927	7/1/09 - 8/31/11	\$ (28,927)	\$ -	\$ -	\$ 28,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2015	84.010A	NCLB015015	192,117	7/1/14 - 6/30/15				150,162	(192,117)			(41,955)		
Fiscal Year 2014	84.010A	NCLB015014	181,489	7/1/13 - 6/30/14	(20,591)			20,591						
Title II A:														
Fiscal Year 2015	84.367A	NCLB015015	48,539	7/1/14 - 6/30/15				31,467	(48,539)			(17,072)		
Fiscal Year 2014	84.367A	NCLB015014	45,788	7/1/13 - 6/30/14	(5,682)			5,682						
I.D.E.A. Part B - Basic:														
Fiscal Year 2015	84.027	IDEA015015	385,557	7/1/14 - 6/30/15				384,557	(385,557)			(1,000)		
Fiscal Year 2014	84.027	IDEA015014	362,266	7/1/13 - 6/30/14	(101,321)			101,321						
I.D.E.A. Part B - Preschool:														
Fiscal Year 2015	84.173	IDEA015015	17,985	7/1/14 - 6/30/15				17,985	(17,985)					
Fiscal Year 2014	84.173	IDEA015014	11,350	7/1/13 - 6/30/14	(8,253)			8,253						
Race to the Top														
Fiscal Year 2015	84.413A	RTT3015015	7,981	7/1/14 - 6/30/15				7,981	(7,981)					
Total U.S. Department of Education					(164,774)			28,927	727,999	(652,179)		(60,027)		
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund														
Food Distribution Program														
Fiscal Year 2015	10.565	N/A	29,415	7/1/14 - 6/30/15				29,415	(29,415)					
National School Breakfast Program														
Fiscal Year 2015	10.553	N/A	12,239	7/1/14 - 6/30/15				12,239	(12,239)					
Fiscal Year 2014	10.553	N/A	8,284	7/1/13 - 6/30/14	(692)			692						
National School Lunch Program														
Fiscal Year 2015	10.555	N/A	134,906	7/1/14 - 6/30/15				134,906	(134,906)					
Fiscal Year 2014	10.555	N/A	137,014	7/1/13 - 6/30/14	(7,594)			7,594						
Total U.S. Department of Agriculture					(8,286)			184,846	(176,560)					
U.S. Department of Health and Human Services														
Passed-through State Department of Human Services:														
General Fund:														
Medicaid Assistance Program														
Fiscal Year 2015	93.778	N/A	36,217	7/1/14 - 6/30/15				36,217	(36,217)					
								36,217	(36,217)					
Total Federal Awards					\$ (173,060)	\$ -	\$ -	\$ 28,927	\$ 949,062	\$ (864,956)	\$ -	\$ (60,027)	\$ -	\$ -

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

AUDUBON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2015

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2014			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2015		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor
State Department of Education												
General Fund:												
Equalization Aid	15-495-034-5120-078	\$ 5,833,566	7/1/14 - 6/30/15	\$ -	\$ -	\$ -	\$ 5,280,260	\$ (5,833,566)	\$ -	\$ (553,306)	\$ -	\$ -
Equalization Aid	14-495-034-5120-078	5,833,566	7/1/13 - 6/30/14	(543,643)			543,643					
Special Education Categorical Aid	15-495-034-5120-089	698,294	7/1/14 - 6/30/15				632,062	(698,294)		(66,232)		
Special Education Categorical Aid	14-495-034-5120-089	698,294	7/1/13 - 6/30/14	(65,076)			65,076					
Security Aid	15-495-034-5120-084	129,718	7/1/14 - 6/30/15				117,414	(129,718)		(12,304)		
Security Aid	14-495-034-5120-084	129,718	7/1/13 - 6/30/14	(12,089)			12,089					
Transportation Aid	15-495-034-5120-014	62,679	7/1/14 - 6/30/15				56,734	(62,679)		(5,945)		
Transportation Aid	14-495-034-5120-014	62,679	7/1/13 - 6/30/14	(5,841)			5,841					
School Choice Aid	15-495-034-5120-068	904,152	7/1/14 - 6/30/15				818,394	(904,152)		(85,758)		
School Choice Aid	14-495-034-5120-068	904,152	7/1/13 - 6/30/14	(80,923)			80,923					
Under Adequacy Aid	15-495-034-5120-096	25,300	7/1/14 - 6/30/15				22,900	(25,300)		(2,400)		
Under Adequacy Aid	14-495-034-5120-096	25,300	7/1/13 - 6/30/14	(2,358)			2,358					
Adjustment Aid	15-495-034-5120-085	530,382	7/1/14 - 6/30/15				480,076	(530,382)		(50,306)		
Adjustment Aid	14-495-034-5120-085	530,382	7/1/13 - 6/30/14	(49,427)			49,427					
PARCC Readiness Aid	15-495-034-5120-098	13,430	7/1/14 - 6/30/15				12,156	(13,430)		(1,274)		
Per Pupil Growth Aid	15-495-034-5120-097	13,430	7/1/14 - 6/30/15				12,156	(13,430)		(1,274)		
Extraordinary Special Education Cost Aid	15-100-034-5120-473	74,862	7/1/14 - 6/30/15				64,042	(74,862)		(74,862)		
Extraordinary Special Education Cost Aid	14-100-034-5120-473	64,042	7/1/13 - 6/30/14	(64,042)			64,042					
On behalf TPAF Pension Contribution	15-495-034-5094-006	562,936	7/1/14 - 6/30/15				562,936	(562,936)				
On behalf TPAF Post Retirement Medical	15-495-034-5094-001	893,661	7/1/14 - 6/30/15				893,661	(893,661)				
Reimbursed TPAF Social Security Contr.	15-495-034-5094-003	809,198	7/1/14 - 6/30/15				729,605	(809,198)		(79,593)		
Reimbursed TPAF Social Security Contr.	14-495-034-5094-003	793,292	7/1/13 - 6/30/14	(77,155)			77,155					
Total Department of Education				(900,554)			10,518,908	(10,551,608)		(933,254)		
New Jersey Schools Construction Corporation:												
Capital Projects Fund:												
EDA Educational Facilities Construction and Financing Act - Section 15:												
Roof and Roof-Top HVAC - Level I	#0150-040-13-1002	312,000	8/1/14- 12/31/14				124,800	(312,000)		(187,200)		
Renovations to Mansion Ave. School	#0150-050-04-1000	1,048,600	7/1/03- 6/30/13	(63,380)						(63,380)		
Renovations to Haviland Ave. School	#0150-040-04-1000	741,610	7/1/03- 6/30/13	(10)						(10)		
Total Educational Facilities Construction				(63,390)			124,800	(312,000)		(250,590)		
State Department of Agriculture												
National School Lunch Program (State Share)												
Fiscal Year 2015	15-100-010-3350-023	3,649	7/1/14 - 6/30/15				3,649	(3,649)				
Fiscal Year 2014	14-100-010-3350-023	4,128	7/1/13 - 6/30/14	(452)			452					
Total Department of Agriculture				(452)			4,101	(3,649)				
Total State Financial Assistance				\$ (964,396)	\$ -	\$ -	\$ 10,647,809	\$ (10,867,257)	\$ -	\$ (1,183,844)	\$ -	\$ -

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

**Audubon School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2015**

I. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Audubon 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, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$19,442) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary 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 follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 36,217	\$ 10,532,166	\$ 10,568,383
Special Revenue	652,179		652,179
Capital Projects Fund		312,000	312,000
Food Service	176,560	3,649	180,209
Total	\$ 864,956	\$ 10,847,815	\$ 11,712,771

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.

**Audubon School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2015
(Continued)**

5. 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, 2015. 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, 2015.

6. MAJOR PROGRAMS

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

7. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	Federal
Cancellation of Accounts Receivable	\$ 28,927
Total	\$ 28,927

**AUDUBON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses 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 on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 ? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program
10.553	School Breakfast Program
84.027	IDEA Part B Basic

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

Auditee qualified as low-risk auditee? X yes no

AUDUBON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section 1 -- Summary of Auditor's Results (Cont'd)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$326,018

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 weakness? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 04-04 and/or 15-08 as applicable? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>15-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>15-495-034-5120-068</u>	<u>School Choice Aid</u>
<u>15-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>15-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>15-100-010-3350-023</u>	<u>School Lunch Program</u>
<u> </u>	<u> </u>

**AUDUBON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.

Finding #2015-001

Criteria or specific requirement:

N.J.A.C. 6A:23-16.12 and good internal control require the prompt deposit of cash receipts.

Condition:

Food Service receipts were not deposited promptly.

Context:

The Food Service receipts testing disclosed several receipts that were not deposited promptly.

Effect:

The District did not comply with N.J.A.C. 6A:23-16-12.

Cause:

Oversight

Recommendation:

That all Food Service receipts be deposited promptly.

View of Responsible Officials and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

AUDUBON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04 and/or 15-08, as applicable

FEDERAL AWARDS:

No findings and/or questioned costs identified.

STATE AWARDS:

No findings and/or questioned costs identified.

**AUDUBON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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*, USOMB Circular A-133 and NJOMB's Circular 04-04 and/or 15-08, as applicable.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

Finding #2014-1

Condition:

The School District transferred from an advertised appropriation account an amount that on a cumulative basis exceeded 10% of the total amount of that line item in the original budget, without proper department approval.

Current Status:

This condition has been corrected.

Finding #2014-2

Condition:

The on roll student count did not agree to supporting documents.

Current Status:

This condition has been corrected.