

**Comprehensive Annual
Financial Report**

of the

City of Absecon Board of Education

Absecon, New Jersey

For the Fiscal Year Ended June 30, 2018

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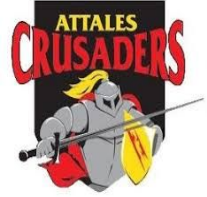
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Introductory Section



ABSECON PUBLIC SCHOOLS

800 Irelan Avenue, Absecon, NJ 08201
(609) 641-5375 * FAX (609) 641-8692



Dr. Daniel J. Dooley
Superintendent of Schools

Tina Maruca
Business Administrator

Lindsay Reed
Director of Special Services/Curriculum

Joseph Giardina, Principal
H. Ashton Marsh Elementary School

Kevin Burns, Principal
Emma C. Attales Middle School

Honorable President and Members of the Board of Education
Citizens of Absecon
Absecon School District
Absecon, New Jersey 08201

January 25, 2019

Dear Board Members:

The Comprehensive Annual Financial Report of the Absecon City Board of Education for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Absecon Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains the table of contents, this Letter of Transmittal, the District's organizational chart and a roster of officials.
- The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, OMB Circular Uniform Guidance and NJ OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Reporting Entity

The City of Absecon Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Absecon City Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped students. The District completed the 2016-17 fiscal year with an average daily enrollment of 819.7 (according to the New Jersey State Attendance Records). The following details the changes in the student enrollment of the District over the last ten years.

Fiscal Year	Student Enrollment	Percent Change
2017-18	877.6	7.06%
2016-17	819.7	-3.80%
2015-16	852.1	-0.64%
2014-15	857.6	-0.08%
2013-14	858.3	2.94%
2012-13	833.8	1.09%
2011-12	824.8	-2.84%
2010-11	848.9	4.15%
2009-10	815.1	0.31%
2008-09	812.6	-0.17%

Economic Condition and Outlook

The Absecon area has started to come out of the economic downside, particularly caused by the closing of three Atlantic City casino properties. Student enrollment is starting to increase due to the opening of new housing complexes. Hopefully, additional commercial growth will occur to further increase the tax base.

Major Initiatives

Major emphasis in the District in 2017-2018 continued to be in the area of curriculum development and PARCC readiness, with specific curricular focus being placed upon the areas of visual and performing arts, physical education, Spanish, English Language Learners, and media.

Throughout the 2017-2018 school year, professional development remained a priority with opportunity for learning made available in the form of district trainings, individual workshops, and college tuition reimbursement. With updates to curriculum and professional development being consistently implemented, the district was also able to support school climate through SciP teams, improve school security, and address issues related to harassment, intimidation, and bullying.

Throughout the 2018-2019 school year, the theme of improved instructional practices continues with supports provided to district staff through personnel additions, implementation of language arts programs and resources, a STEAM course to maximize higher level thinking skills, significant increases to professional development offerings, and curricular modifications to support achievement. Initiatives set in motion to address school climate and culture include increased security measures throughout both schools, alignment of disciplinary practices with social-emotional learning concepts, development and implementation of special education programming that provides a less restrictive environment for students with higher level of needs, and collaborative meetings across grade levels to discuss student data trends and interventions for improvement. In addition to the two Preschool Expansion Grant funded preschool

classes currently offered, the District was approved for Preschool Education Expansion Aid and will operate a third preschool class in 2018/2019.

The Long Range Facility Plan was last updated, December, 2011. A bond referendum to complete the major projects in the Plan was passed in March, 2014. The projects for the H. Ashton Marsh and Emma C. Attales Schools included roof replacement, toilet room renovations, interior/exterior lighting, unit ventilator replacement, door/hardware replacement and various smaller projects were initiated in June, 2015. These projects were all closed out by June, 2017, with the exception of a second door / hardware replacement project which was completed, September, 2018. An updated "draft" of the Long Range Facility Report will be reviewed and approved in 2018/2019.

Financial Information

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 accounting principles generally accepted in the United States of America (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 is also 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's Management.

As part of the District's single audit described earlier, tests are made periodically 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.

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.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance as of June 30, 2017.

Accounting System and Reports

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

Debt Administration

On April 24, 2014, the District issued bonds in the amount of \$5,210,000 to undertake repairs and renovations to the H. Ashton Marsh School and the Emma C. Attales School. The bonds are scheduled to be paid off July 15, 2031. The District was approved for debt service aid at 40%.

Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1980 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Risk Management

The Board of Education 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.

Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott and Associates, L.L.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related State Treasury Circular Letter NJ OMB 15-08. The auditor's report on the basic 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.

Acknowledgements

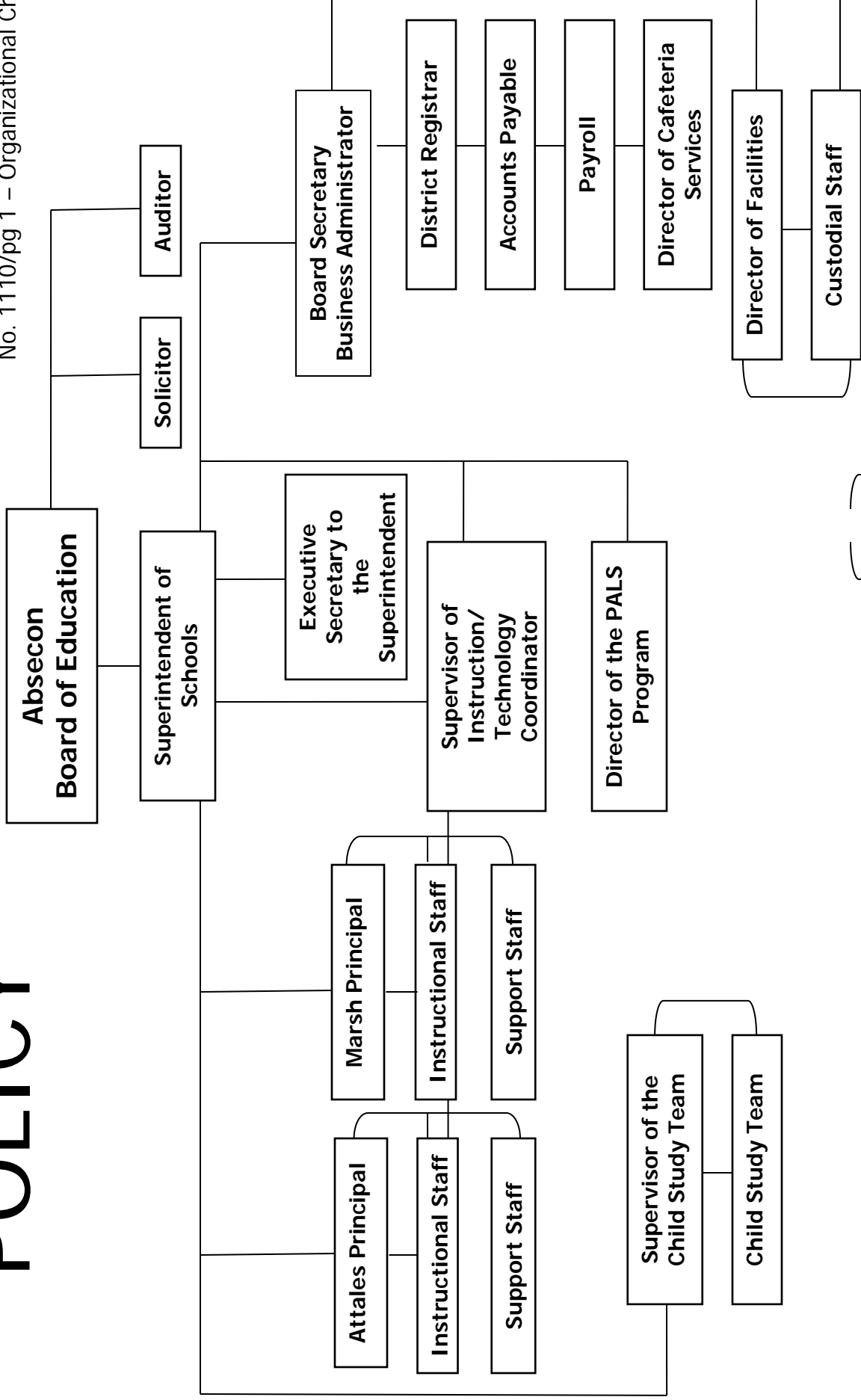
We would like to express our appreciation to the members of the Absecon Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could have not been accomplished without the efficient and dedicated services of our financial and accounting personnel and support staff.

Respectfully submitted,

Dr. Daniel J. Dooley
Superintendent

Tina Maruca
Business Administrator/
Board Secretary

POLICY



— Solid lines indicate direct control

- - - These lines indicate coordination

Adopted: November 10, 1987
 Revised: November 14, 1989
 Revised: April 20, 2010
 Updated: September 1, 2015

**ABSECON BOARD OF EDUCATION
ABSECON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Thomas Grites, President	2020
Eric Neal, Vice President	2020
Alex Corkhill	2018
Christopher Cottrell	2018
Raquel Law	2019
John Rynkiewicz	2019
Linda Wallace	2019

Other Officials

Dr Daniel Dooley, Superintendent, effective July 1, 2018
Dr. Theresa DeFranco, Superintendent, retired June 30, 2018

Tina Maruca, Board Secretary/School Business Administrator

**ABSECON BOARD OF EDUCATION
Consultants and Advisors**

Architect

Settembrino Architects
25 Bridge Avenue
Suite 201
Red Bank, NJ 07701

Audit Firm

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

Attorney

As of July 1, 2018:
The Busch Law Group LLC
450 Main Street
Metuchen, NJ 08840

Through June 30, 2018:
Louis Greco, Esquire
800 Route 50, Suite 2B
Mays Landing, New Jersey 08330

Official Depository

Ocean First Bank
778 White Horse Pike
Absecon, NJ 08201

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Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Absecon School District, County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Absecon School District, County of Atlantic, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The introductory section, combining statements, and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB Circular 15-08, and statistical information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB Circular 15-08, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019 on our consideration of the City of Absecon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Absecon School District's internal control over financial reporting and compliance.

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

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

January 25, 2019

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Required Supplementary Information – Part I

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

The discussion and analysis of the City of Absecon School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position decreased \$204,187.97 which represents a 2 percent decrease from 2017.
- General revenues accounted for \$13,079,860.37 in revenue or 64 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$7,336,003.82 or 36 percent of total revenues of \$20,415,864.19.
- Total assets of governmental activities increased by \$267,597.12 as cash and cash equivalents increased by \$86,573.79, receivables increased by \$85,536.48 and capital assets increased by \$93,880.83.
- The School District had \$20,612,613.32 in expenses; only \$7,336,003.82 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,079,860.37 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$15,221,685.14 in revenues and \$15,454,804.17, in expenditures. The General Fund's fund balance increased \$151,880.97 over 2017.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Absecon School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of the City of Absecon School District, the General Fund is by far the most significant fund.

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**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 30 to 56 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net position for 2018 and 2017.

**Table 1
Net Position**

	2018	2017
Assets		
Current and Other Assets	\$ 2,112,756.23	1,939,039.94
Capital Assets	14,994,214.67	14,900,333.84
Total Assets	17,106,970.90	16,839,373.78
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	772,696.00	1,267,709.00
Liabilities		
Long-Term Liabilities	8,055,178.09	9,363,749.31
Other Liabilities	731,739.95	365,233.67
Total Liabilities	8,786,918.04	9,728,982.98
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	997,644.00	78,807.00
Net Position		
Net Investment in Capital Assets	10,013,062.61	9,998,281.81
Restricted	1,116,422.15	966,751.89
Unrestricted	(3,034,379.90)	(2,665,740.90)
Total Net Position	\$ 8,095,104.86	8,299,292.80

The District's combined net position was \$8,095,104.86 on June 30, 2018. This is a decrease from 2017 of \$204,187.94.

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Table 2 shows changes in net position for fiscal year 2018 and 2017.

**Table 2
Changes in Net Position**

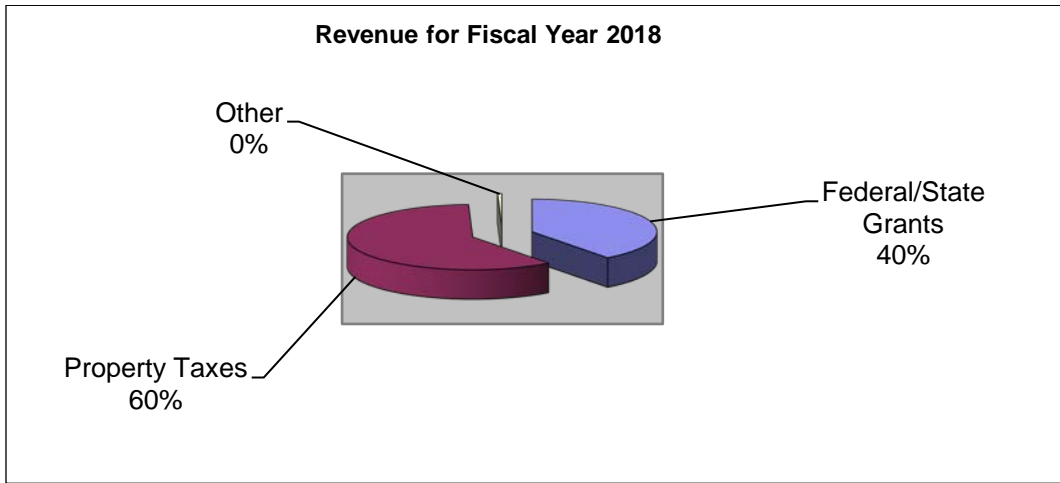
	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 326,395.46	284,185.70
Operating Grants and Contributions	7,009,608.36	6,249,260.57
General Revenues:		
Property Taxes	11,920,491.00	11,505,729.00
Grants and Entitlements	1,140,460.26	987,410.00
Other	18,909.11	16,657.63
Total Revenues	<u>20,415,864.19</u>	<u>19,043,242.90</u>
Program Expenses		
Instruction	11,605,159.03	11,288,940.50
Support Services:		
Tuition	2,225,990.58	2,047,890.57
Pupils and Instructional Staff	2,216,830.48	2,110,549.46
General and School Administration	1,079,971.12	1,163,089.01
Central Services	463,217.49	434,581.03
Operation and Maintenance of Facilities	1,339,385.58	1,088,498.32
Pupil Transportation	616,661.54	625,936.49
Interest on Long-Term Debt	123,511.25	129,178.47
Food Service	324,684.34	276,467.94
Other	617,201.91	506,161.28
Extraordinary Items:		
Loss on Disposal of Capital Assets	7,438.81	22,200.00
Total Expenses	<u>20,620,052.13</u>	<u>19,693,493.07</u>
Increase/(Decrease) in Net Position	<u>\$ (204,187.94)</u>	<u>(650,250.17)</u>

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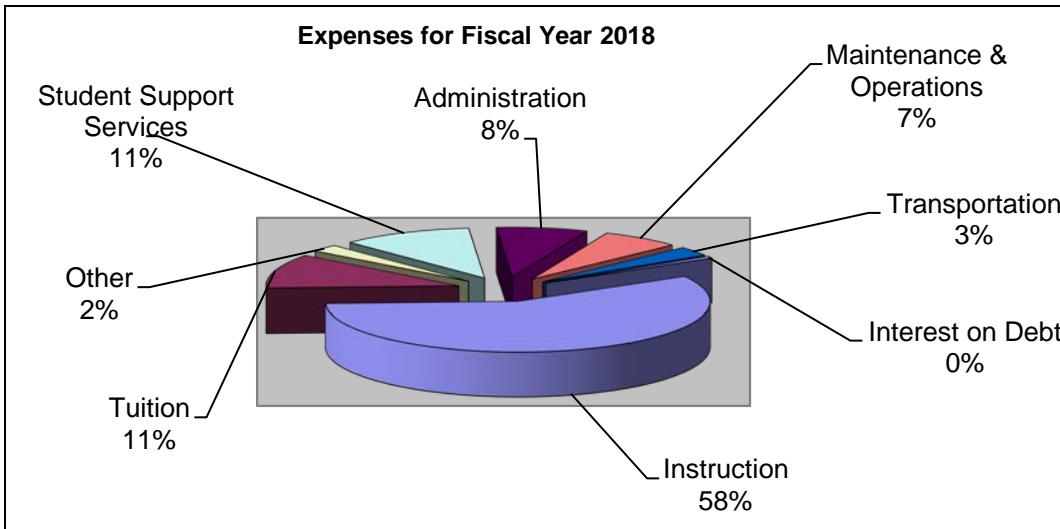
**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Governmental Activities

The District's total revenues were \$19,942,449.66 for the year ended June 30, 2018. Property taxes made up 60 percent of revenues for governmental activities for the City of Absecon School District for fiscal year 2018. Federal, state, and local grants accounted for 40 percent of the revenue. Local revenue and charges for service make up less than a percent of the revenue.



The total cost of all program and services was \$20,140,914.24. Instruction comprises 58 percent of District expenses.



**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

Business-Type Activities

Revenues for the District's business-type activities (food service and after school child care programs) were comprised of charges for services and federal and state reimbursements.

- Revenues exceeded expenses before investment income by \$1,515.01.
- Charges for services represent \$236,413.34 of revenue. This represents amounts paid by patrons for daily food service and childcare.
- For the food service operation, federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$236,800.75.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 11,605,159.03	6,400,962.90	11,288,940.50	6,481,938.66
Support Services:				
Pupils and Instructional Staff	4,442,821.06	3,429,296.94	4,158,440.03	3,233,840.86
General and School Administration	1,079,971.12	916,609.90	1,163,089.01	1,092,910.20
Central Services	463,217.49	369,057.12	434,581.03	393,063.89
Operation and Maintenance of Facilities	1,339,385.58	1,183,290.10	1,088,498.32	999,142.24
Pupil Transportation	616,661.54	526,892.23	625,936.49	543,746.07
Interest on Long-Term Debt	123,511.25	(11,234.75)	129,178.47	(4,084.53)
Other	470,187.17	463,250.07	405,365.11	401,829.42
Total Expenses	<u>\$ 20,140,914.24</u>	<u>13,278,124.51</u>	<u>19,294,028.96</u>	<u>13,142,386.81</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Also included is out of district tuition.

General administration, school administration, and business and other support services include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as provided by State law.

"Other" includes special schools, charter schools, and unallocated depreciation.

**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$16,844,579.66 and expenditures were \$17,413,190.00. The net negative change in fund balance for the year of \$183,610.34 was most significant in the Capital Projects Fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds, for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2017</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 12,029,631.79	71.42%	407,543.46	3.51%
State Sources	3,837,287.65	22.78%	391,344.82	11.36%
Federal Sources	977,660.22	5.80%	69,266.72	7.63%
Total	<u>\$ 16,844,579.66</u>	<u>100.00%</u>	<u>868,155.00</u>	<u>5.43%</u>

The following schedule represents a summary of general fund, special revenue fund, and capital projects fund expenditures for the fiscal year ended June 30, 2018, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2017</u>	<u>Percent of Increase (Decrease)</u>
Current expense:				
Instruction	\$ 6,066,539.45	34.84%	30,402.91	0.50%
Undistributed expenditures	9,724,384.10	55.84%	466,314.88	5.04%
Special/Charter Schools	458,237.85	2.63%	61,235.96	15.42%
Debt Service	396,312.50	2.28%	4,362.50	1.11%
Capital Outlay	767,716.10	4.41%	624,379.56	435.60%
Total	<u>\$ 17,413,190.00</u>	<u>100.00%</u>	<u>1,186,695.81</u>	<u>7.31%</u>

Changes in expenditures were the results of varying factors. The current expense increase of undistributed expenditures is attributed to tuition, transportation and health benefits.

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**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- Revenue was realized from the prior year for the e-rate program and tuition adjustment for students received from other districts.
- The district applied for and received extraordinary aid.
- Tuition expense for special education students attending special service and regional day schools decreased significantly than expected.

Capital Assets

At the end of the fiscal year 2018, the School District had \$14,994,214.67 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2018 balances compared to 2017.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	2018	2017
Land	\$ 1,956,141.00	1,956,141.00
Construction in Progress	5,166,098.55	4,768,097.29
Site Improvements	61,611.93	69,083.90
Building and Building Improvements	7,606,149.90	7,887,190.41
Machinery and Equipment	204,213.29	219,821.24
Total	\$ 14,994,214.67	14,900,333.84

Overall capital assets increased \$93,880.83 from fiscal year 2017 to fiscal year 2018. The increase is the net of added capital assets, construction in progress and annual depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2018, the School District had \$5,308,588.09 of outstanding debt. Of this amount \$384,279.50 is for compensated absences, \$419,308.59 is for capital leases and \$4,505,000.00 of serial bonds for school construction.

At June 30, 2018, the School District's overall legal debt margin was \$18,003,118.00. For more detailed information, please refer to the Notes to the Financial Statements.

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**CITY OF ABSECON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED
(CONTINUED)**

For the Future

The Absecon School District is in good financial condition presently. The School District is proud of its community support of the public schools.

In conclusion, the City of Absecon School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Tina Maruca, Business Administrator/Board Secretary at City of Absecon Board of Education, 800 Irelan Avenue, Absecon, NJ 08201, (609) 641-5375, extension 1014.

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Basic Financial Statements

DISTRICT – WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business – type activities of the District.

CITY OF ABSECON SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,496,005.24	73,372.25	1,569,377.49
Receivables, Net	347,677.71	52,713.51	400,391.22
Internal Balances	1,469.40		1,469.40
Inventory		2,065.30	2,065.30
Restricted Assets:			
Capital Reserve Account	139,452.82		139,452.82
Capital Assets:			
Capital Assets, not depreciated	7,122,239.55		7,122,239.55
Capital Assets being Depreciated, net	7,848,948.67	23,026.45	7,871,975.12
Total Assets	16,955,793.39	151,177.51	17,106,970.90
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	772,696.00		772,696.00
Total Deferred Outflows of Resources	772,696.00	-	772,696.00
LIABILITIES			
Accounts Payable	622,333.74	41,423.16	663,756.90
Salaries Payable	3,630.00		3,630.00
Payable to State Government	3,777.33		3,777.33
Unearned Revenue		3,732.25	3,732.25
Accrued Interest	56,843.47		56,843.47
Noncurrent Liabilities			
Due Within One Year	392,038.98		392,038.98
Due Beyond One Year	4,916,549.11		4,916,549.11
Net Pension Liability	2,746,590.00		2,746,590.00
Total Liabilities	8,741,762.63	45,155.41	8,786,918.04
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	997,644.00		997,644.00
NET POSITION			
Net Investment in Capital Assets	9,990,036.16	23,026.45	10,013,062.61
Restricted for:			
Other Purposes	1,116,422.15		1,116,422.15
Unrestricted	(3,117,375.55)	82,995.65	(3,034,379.90)
Total Net Position	\$ 7,989,082.76	106,022.10	8,095,104.86

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

CITY OF ABSECON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

Function/Programs	Expenses	Indirect Cost Allocation	Program Revenue			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	\$ 6,873,355.03	2,163,519.29	89,982.12	3,749,603.47		(5,197,288.73)	(5,197,288.73)	
Special Education	1,446,659.68	516,812.25		1,164,547.56		(798,924.37)	(798,924.37)	
Other Special Instruction	445,464.80	159,347.98		200,062.98		(404,749.80)	(404,749.80)	
Support Services:								
Tuition	2,225,990.58					(2,225,990.58)	(2,225,990.58)	
Student & Instruction Related Services	1,801,981.28	414,849.20		1,013,524.12		(1,203,306.36)	(1,203,306.36)	
School Administrative Services	419,579.70	173,250.05		131,444.53		(461,385.22)	(461,385.22)	
General Administrative Services	382,590.85	104,550.52		31,916.69		(455,224.68)	(455,224.68)	
Plant Operation and Maintenance	1,133,644.41	205,741.17		156,095.48		(1,183,290.10)	(1,183,290.10)	
Pupil Transportation	613,375.24	3,286.30		89,769.31		(526,892.23)	(526,892.23)	
Central Services	339,109.70	124,107.79		94,160.37		(369,057.12)	(369,057.12)	
Unallocated Employee Benefits	3,874,607.98	(3,874,607.98)				-	-	
Interest on Long-Term Debt	123,511.25	9,143.43		134,746.00		11,234.75	11,234.75	
Special Schools	22,602.74			6,937.10		(24,809.07)	(24,809.07)	
Charter Schools	438,441.00					(438,441.00)	(438,441.00)	
Total Governmental Activities	20,140,914.24	(0.00)	89,982.12	6,772,807.61	-	(13,278,124.51)	(13,278,124.51)	
Business-Type Activities:								
Food Service	324,684.34		80,458.85	236,800.75		(7,424.74)	(7,424.74)	
After School Child Care	147,014.74		155,954.49			8,939.75	8,939.75	
Total Business-Type Activities	471,699.08	-	236,413.34	236,800.75	-	1,515.01	1,515.01	
Total Primary Government	\$ 20,612,613.32	(0.00)	326,395.46	7,009,608.36	-	(13,278,124.51)	(13,276,609.50)	

General Revenues:

Taxes:							
Property Taxes, Levied for General Purposes, Net	\$	11,661,111.00				11,661,111.00	
Taxes Levied for Debt Service		259,380.00				259,380.00	
Federal and State Aid not Restricted		1,140,460.26				1,140,460.26	
Investment Earnings		3,055.54			200.44	3,255.98	
Miscellaneous Income		15,653.13				15,653.13	
Extraordinary Items:							
Loss on Disposal of Assets		(7,438.81)				(7,438.81)	
Total General Revenues, Special Items, Extraordinary Items and Transfers		13,072,221.12			200.44	13,072,421.56	
Change in Net Position		(205,903.39)			1,715.45	(204,187.94)	
Net Position - Beginning		8,194,986.15			104,306.65	8,299,292.80	
Net Position - Ending	\$	7,989,082.76			106,022.10	8,095,104.86	

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

FUND FINANCIAL STATEMENTS

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

CITY OF ABSECON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,141,843.95		353,374.14	787.15	1,496,005.24
Due from Other Funds	65,926.35			581.89	66,508.24
Receivables from Other Governments	91,030.74	206,366.96			297,397.70
Other Receivables	48,067.58	2,212.43			50,280.01
Restricted Cash & Cash Equivalents	139,452.82				139,452.82
Total Assets	<u>1,486,321.44</u>	<u>208,579.39</u>	<u>353,374.14</u>	<u>1,369.04</u>	<u>2,049,644.01</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	176,667.83	136,775.11	308,890.80		622,333.74
Salaries Payable	60.00	3,570.00			3,630.00
Payable to Other Funds		64,456.95	581.89		65,038.84
Intergovernmental Payable		3,777.33			3,777.33
Total Liabilities	<u>176,727.83</u>	<u>208,579.39</u>	<u>309,472.69</u>	<u>-</u>	<u>694,779.91</u>
Fund Balances:					
Restricted for:					
Excess Surplus	99,015.95				99,015.95
Excess Surplus - Designated Subsequent Year	106,945.00				106,945.00
Capital Projects Fund			43,901.45		43,901.45
Debt Service Fund				1,369.04	1,369.04
Committed to:					
Capital Reserve	99,452.82				99,452.82
Maintenance Reserve	85,006.00				85,006.00
Tuition Reserve	165,030.00				165,030.00
Assigned to:					
Maintenance Reserve Designated by BOE for Subsequent Expenditures	40,000.00				40,000.00
Capital Reserve Designated by BOE for Subsequent Expenditures	40,000.00				40,000.00
Tuition Reserve Designated by BOE for Subsequent Expenditures	135,240.00				135,240.00
Designated by BOE for Subsequent Expenditures	344,959.00				344,959.00
Other Purposes	773.38				773.38
Unassigned, Reported in:					
General Fund	193,171.46				193,171.46
Total Fund Balances	<u>1,309,593.61</u>	<u>-</u>	<u>43,901.45</u>	<u>1,369.04</u>	<u>1,354,864.10</u>
Total Liabilities and Fund Balances	<u>\$ 1,486,321.44</u>	<u>208,579.39</u>	<u>353,374.14</u>	<u>1,369.04</u>	

Amounts reported for *governmental activities* in the statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not resources and therefore are not reported in the funds.

The cost of the assets is \$25,712,571.17 and the accumulated depreciation is \$10,741,382.95

14,971,188.22

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(5,308,588.09)

Pension Liabilities Net of Deferred Outflows & Inflows

(2,971,538.00)

Interest on long-term debt in the statement of activities is accrued, regardless of when due.

(56,843.47)

Net Position of governmental activities

\$ 7,989,082.76

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

CITY OF ABSECON SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 11,661,111.00			259,380.00	11,920,491.00
Tuition From Other LEAs Within the State	89,982.12				89,982.12
Interest Earned on Investments	2,463.65		581.89	10.00	3,055.54
Transportation Fees from Individuals	450.00				450.00
Miscellaneous	15,653.13				15,653.13
Total Local Sources	11,769,659.90	-	581.89	259,390.00	12,029,631.79
State Sources	3,445,804.98	256,736.67		134,746.00	3,837,287.65
Federal Sources	6,220.26	971,439.96			977,660.22
Total Revenues	15,221,685.14	1,228,176.63	581.89	394,136.00	16,844,579.66
EXPENDITURES					
Current:					
Regular Instruction	3,912,172.29	863,711.88			4,775,884.17
Special Education Instruction	986,832.35				986,832.35
Other Special Instruction	303,822.93				303,822.93
Support Services:					
Tuition	2,225,990.58				2,225,990.58
Student & Instruction Related Serv.	918,565.11	364,464.75			1,283,029.86
School Administrative Services	344,874.04				344,874.04
General Administrative Services	329,902.48				329,902.48
Plant Operation and Maintenance	761,999.95				761,999.95
Pupil Transportation	612,366.75				612,366.75
Central Services	291,612.46				291,612.46
Employee Benefits	3,874,607.98				3,874,607.98
Special Schools	19,796.85				19,796.85
Transfer to Charter School	438,441.00				438,441.00
Debt Service:					
Principal on Bonds				270,000.00	270,000.00
Interest on Bonds				126,312.50	126,312.50
Capital Outlay	433,819.40		333,896.70		767,716.10
Total Expenditures	15,454,804.17	1,228,176.63	333,896.70	396,312.50	17,413,190.00
Excess (Deficiency) of Revenues Over Expenditures	(233,119.03)	-	(333,314.81)	(2,176.50)	(568,610.34)
OTHER FINANCING SOURCES (USES)					
Transfer in				581.89	581.89
Transfer out			(581.89)		(581.89)
Capital Lease Proceeds	385,000.00				385,000.00
Total Other Financing Sources and Uses	385,000.00	-	(581.89)	581.89	385,000.00
Net Changes in Fund Balance	151,880.97	-	(333,896.70)	(1,594.61)	(183,610.34)
Fund Balance - July 1	1,157,712.64	-	377,798.15	2,963.65	1,538,474.44
Fund Balance - June 30	\$ 1,309,593.61	-	43,901.45	1,369.04	1,354,864.10

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

CITY OF ABSECON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$	(183,610.34)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on 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 fiscal year.</p>		
Depreciation expense	(371,585.39)	
Capital Outlay	459,208.68	
Loss on Disposal of Assets	<u>(7,438.81)</u>	80,184.48
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Bonds Payable	270,000.00	
Capital Leases Payable	<u>33,098.72</u>	303,098.72
<p>Proceeds from debt issues are a financing source in the governmental funds, but increases long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Capital lease proceeds	<u>(385,000.00)</u>	(385,000.00)
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of of employee contributions is reported as pension expense.</p>		
District pension contributions - PERS		
Cost of benefits earned net of employee contributions	<u>(17,175.00)</u>	(17,175.00)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).</p>		
		(6,202.50)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.</p>		
		2,801.25
Change in Net Position of Governmental Activities		<u><u>\$ (205,903.39)</u></u>

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

CITY OF ABSECON SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2018

	Business-Type Activities - Enterprise Fund		
	Major Fund	Non Major Fund	Totals
	Food Service	After School Child Care	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 45,225.42	28,146.83	73,372.25
Accounts Receivable	52,713.51		52,713.51
Inventory	2,065.30		2,065.30
Total Current Assets	<u>100,004.23</u>	<u>28,146.83</u>	<u>128,151.06</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	142,721.45	43,300.00	186,021.45
Less: Accumulated Depreciation	<u>(119,695.00)</u>	<u>(43,300.00)</u>	<u>(162,995.00)</u>
Total Noncurrent Assets	<u>23,026.45</u>	<u>-</u>	<u>23,026.45</u>
Total Assets	<u><u>123,030.68</u></u>	<u><u>28,146.83</u></u>	<u><u>151,177.51</u></u>
LIABILITIES			
Current Liabilities:			
Unearned Revenue	2,357.25	1,375.00	3,732.25
Accounts Payable	41,127.01	296.15	41,423.16
Total Current Liabilities	<u>43,484.26</u>	<u>1,671.15</u>	<u>45,155.41</u>
Noncurrent Liabilities:			
None	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>43,484.26</u>	<u>1,671.15</u>	<u>45,155.41</u>
NET POSITION			
Net Investment in Capital Assets	23,026.45	-	23,026.45
Unrestricted	56,519.97	26,475.68	82,995.65
Total Net Position	<u><u>\$ 79,546.42</u></u>	<u><u>26,475.68</u></u>	<u><u>106,022.10</u></u>

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

CITY OF ABSECON SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2018

	Business-Type Activities -		
	Enterprise Fund		
	Major Fund	Non Major Fund	
	Food Service	After School Child Care	Totals Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 56,536.45		56,536.45
Daily Sales - Non-reimbursable Programs	23,922.40		23,922.40
Tuition Fees		153,129.49	153,129.49
Registration Fees		2,825.00	2,825.00
Total Operating Revenue	<u>80,458.85</u>	<u>155,954.49</u>	<u>236,413.34</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	118,317.74		118,317.74
Cost of Sales - Non-reimbursable Programs	9,649.11		9,649.11
Salaries	13,442.82	101,679.17	115,121.99
Employee Benefits		7,709.62	7,709.62
Food Service Management	134,341.20		134,341.20
Depreciation	1,057.55		1,057.55
Support and Maintenance	9,619.70	435.95	10,055.65
Supplies and Materials	8,020.22	37,190.00	45,210.22
Equipment - Ovens	30,236.00		30,236.00
Total Operating Expenses	<u>324,684.34</u>	<u>147,014.74</u>	<u>471,699.08</u>
Operating Income (Loss)	(244,225.49)	8,939.75	(235,285.74)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch/Breakfast Program	3,670.65		3,670.65
Federal Sources:			
National School Lunch	172,056.37		172,056.37
National School Breakfast Program	38,304.66		38,304.66
Food Distribution Program	22,769.07		22,769.07
Interest and Investment Income	133.85	66.59	200.44
Total Nonoperating Revenues (Expenses)	<u>236,934.60</u>	<u>66.59</u>	<u>237,001.19</u>
Income (Loss) before Contributions & Transfers	(7,290.89)	9,006.34	1,715.45
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position	(7,290.89)	9,006.34	1,715.45
Total Net Position - Beginning	<u>86,837.31</u>	<u>17,469.34</u>	<u>104,306.65</u>
Total Net Position - Ending	<u>\$ 79,546.42</u>	<u>26,475.68</u>	<u>106,022.10</u>

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

CITY OF ABSECON SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2018

	Business-Type Activities -		
	Enterprise Fund		Total Enterprise
	Major Fund	Non Major Fund	
	Food Service	After School Center	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 75,199.17		75,199.17
Receipts for Tuition and Registration		155,979.49	155,979.49
Payments to Employees		(109,388.79)	(109,388.79)
Payments to Suppliers	(279,908.81)	(67,465.13)	(347,373.94)
Net Cash Provided by (Used for) Operating Activities	<u>(204,709.64)</u>	<u>(20,874.43)</u>	<u>(225,584.07)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	3,125.36		3,125.36
Federal Sources	176,962.52		176,962.52
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>180,087.88</u>	<u>-</u>	<u>180,087.88</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(14,753.90)		(14,753.90)
Net Cash (Used for) Capital and Related Financing Activities	<u>(14,753.90)</u>	<u>-</u>	<u>(14,753.90)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and Dividends	133.85	66.59	200.44
Net Cash Provided by (Used for) Investing Activities	<u>133.85</u>	<u>66.59</u>	<u>200.44</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(39,241.81)	(20,807.84)	(60,049.65)
Balance - Beginning of Year	84,467.23	48,954.67	133,421.90
Balance - End of Year	<u>45,225.42</u>	<u>28,146.83</u>	<u>73,372.25</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(244,225.49)	8,939.75	(235,285.74)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,057.55		1,057.55
Federal Commodities	22,769.07		22,769.07
(Increase) Decrease in Inventories	(136.62)		(136.62)
(Increase) Decrease in Accounts Receivable	(5,902.47)		(5,902.47)
Increase (Decrease) in Interfund Payable	(14,364.82)		(14,364.82)
Increase (Decrease) in Accounts Payable	35,493.10	(29,839.18)	5,653.92
Increase (Decrease) in Unearned Revenue	600.04	25.00	625.04
Total Adjustments	<u>39,515.85</u>	<u>(29,814.18)</u>	<u>9,701.67</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (204,709.64)</u>	<u>(20,874.43)</u>	<u>(225,584.07)</u>

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

CITY OF ABSECON DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2018

	<u>Unemployment Compensation</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>158,833.29</u>	<u>33,933.58</u>
Total Assets	<u>158,833.29</u>	<u>33,933.58</u>
LIABILITIES		
Accounts Payable	802.05	3,491.48
Payable to Other Funds	1,469.40	
Payroll Deductions and Withholdings		14,448.95
Flexible Spending Claims		2,099.13
Payable to Student Groups		<u>13,894.02</u>
Total Liabilities	<u>2,271.45</u>	<u>33,933.58</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	\$ <u><u>156,561.84</u></u>	

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

CITY OF ABSECON SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	Unemployment Compensation
ADDITIONS	
Contributions:	
Plan Member	\$ 11,791.95
Total Contributions	11,791.95
Investment Earnings:	
Interest	227.62
Total Additions	12,019.57
DEDUCTIONS	
Unemployment Claims	10,492.88
Total Deductions	10,492.88
Changes in Net Position	1,526.69
Net Position - Beginning of the Year	155,035.15
Net Position - End of the Year	\$ 156,561.84

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

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Absecon School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the City of Absecon School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity

The City of Absecon School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The City of Absecon School District had an enrollment at June 30, 2018 of 869 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the District holds the corporate powers of the organization;
- the District appoints a voting majority of the organization's board;
- the District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the District;
- there is a fiscal dependency by the organization on the District;

Based on the aforementioned criteria, the District has no component units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT WIDE FINANCIAL STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's Food Service and After School Child Care programs are classified as business-type activities.

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

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

B. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

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

- a. **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital Projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.
- d. **Debt Service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

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

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

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

2. Proprietary Funds:

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

- a. **Enterprise Funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district.

The District's Enterprise Funds are comprised of the Food Service Fund and the After School Child Care Fund.

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**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and is reported using accounting principles similar to proprietary funds.

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

All fund internal activity is eliminated when carried to the Government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2018, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food and Supplies	\$	2,065.30
	\$	<u>2,065.30</u>

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

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

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**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

5. Revenues:

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

6. Expenditures:

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

7. Compensated Absences:

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

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

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

8. Interfund Activity:

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

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**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

Significant transfers approved by the Board of Education during the fiscal year were as follows:

Regular Program - Instruction	
Grades 1 - 5 - Salaries of Teachers	(91,422.05)
Grades 6 - 8 - Salaries of Teachers	55,071.00
Undistributed - General Supplies	(30,752.17)
Special Education - Instruction	
Resource Room - Salaries of Teachers	26,614.40
Undistributed Expenditures	
Tuition to Other LEA's Within the State - Regular	54,587.73
Tuition to Other LEA's Within the State - Special	35,187.78
Tuition to CSSD & Regional Day Schools	(122,408.06)
Tuition to Private Schools for the Disabled-W/I State	(44,216.13)
Tuition - Other	(28,932.00)
Speech, OT, PT and Related Services	28,151.25
Other Support Serv. Students-	
Extraordinary Services - Salaries	51,225.35
Student Transportation Serv. - Contr. Serv. (Sp Ed Stds) - Joint	32,845.52
Unallocated Benefits - Personal Services - Employee Benefits	
Health Benefits	(73,624.15)
Transfer of Funds to Charter Schools	360,981.00

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

10. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on agreements with the Port Republic, Hamilton Township, Jersey City and Atlantic City school districts.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

11. Tuition Payable:

Tuition charges for the fiscal years 2017-2018 were based on estimated costs established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates:

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

13. Allocation of Costs:

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

14. Pensions:

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

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for reporting periods beginning after December 15, 2019, may have an effect on the District's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 2 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2018, \$110,156.21 of the government's bank balance of \$2,474,277.53 was exposed to custodial credit risk.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2018, consisted of accounts (tuition), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State Aid	\$ 91,030.74	91,807.60
Federal Aid	206,366.96	252,401.14
Other	50,280.01	56,182.48
Gross Receivables	347,677.71	400,391.22
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 347,677.71	400,391.22

NOTE 4 – INTERFUND TRANSFERS AND BALANCES

The following interfund balances remained on the fund financial statements at June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 65,926.35	
Special Revenue Fund		64,456.95
Capital Projects Fund		581.89
Debt Service Fund	581.89	
Unemployment Fund		1,469.40
Total	\$ 66,508.24	66,508.24

The general fund receivable is comprised of two interfunds. The first interfund is due from the Special Revenue Fund for \$64,456.95. The second interfund is due from the Unemployment Fund for \$1,469.40. These receivables are for expenses paid and interest earned by each fund during the fiscal year.

The Debt Service Fund receivable is comprised of one interfund. It is due from the Capital Projects Fund in the amount of \$581.89 which is result of interest earned on the deposits in the Capital Projects Fund.

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**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,956,141.00			1,956,141.00
Construction in Progress	4,768,097.29	398,001.26		5,166,098.55
Total capital assets not being depreciated	<u>6,724,238.29</u>	<u>398,001.26</u>	-	<u>7,122,239.55</u>
Capital assets being depreciated:				
Site Improvements	622,846.25			622,846.25
Buildings and building improvements	16,956,495.46	47,131.42		17,003,626.88
Equipment	993,013.56	14,076.00	(43,231.07)	963,858.49
Total capital assets being depreciated at historical cost	<u>18,572,355.27</u>	<u>61,207.42</u>	<u>(43,231.07)</u>	<u>18,590,331.62</u>
Less accumulated depreciation for:				
Site Improvements	(553,762.35)	(7,471.97)		(561,234.32)
Buildings and improvements	(9,069,305.05)	(328,171.93)		(9,397,476.98)
Equipment	(782,522.42)	(35,941.49)	35,792.26	(782,671.65)
Total capital assets being depreciated, net of accumulated depreciation	<u>8,166,765.45</u>	<u>(310,377.97)</u>	<u>(7,438.81)</u>	<u>7,848,948.67</u>
Governmental activity capital assets, net	<u>14,891,003.74</u>	<u>87,623.29</u>	<u>(7,438.81)</u>	<u>14,971,188.22</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	142,767.55	14,753.90	(14,800.00)	142,721.45
Less accumulated depreciation	(133,437.45)	(1,057.55)	14,800.00	(119,695.00)
Enterprise Fund capital assets, net	<u>\$ 9,330.10</u>	<u>13,696.35</u>	-	<u>23,026.45</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 213,402.80
Special Instruction	44,095.04
Other Special Instruction	13,575.85
Student & Instruction Related Services	57,330.15
School Administration Services	15,410.15
General Administration Services	14,741.17
Central Services	13,030.23
	<u>\$ 371,585.39</u>

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**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 6 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	Balance July 1, 2017	Issues or Additions	Payments or Expenditures	Balance June 30, 2018	Amounts Due Within One Year
Compensated Absences \$	378,077.00	6,202.50		384,279.50	11,475.00
Capital Leases Payable	67,407.31	385,000.00	33,098.72	419,308.59	105,563.98
Bonds Payable	4,775,000.00		270,000.00	4,505,000.00	275,000.00
Net Pension Liability	4,143,265.00	899,175.00	2,295,850.00	2,746,590.00	
	<u>\$ 9,363,749.31</u>	<u>1,290,377.50</u>	<u>2,598,948.72</u>	<u>8,055,178.09</u>	<u>392,038.98</u>

Compensated absences have been liquidated in the General Fund.

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

At June 30, 2018, bonds payable consisted of the following issue:

\$5,210,000 School Bonds dated May 8, 2014, due in annual installments beginning July 15, 2015 through July 15, 2031, bearing interest at various rates. The balance remaining as of June 30, 2018 is \$4,505,000.00.

Debt service requirements on serial bonds payable at June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 275,000.00	120,181.25	395,181.25
2020	285,000.00	113,881.25	398,881.25
2021	295,000.00	106,987.50	401,987.50
2022	305,000.00	99,487.50	404,487.50
2023	310,000.00	91,800.00	401,800.00
2024-2028	1,645,000.00	334,462.50	1,979,462.50
2029-2032	1,390,000.00	89,100.00	1,479,100.00
	<u>\$ 4,505,000.00</u>	<u>955,900.00</u>	<u>5,460,900.00</u>

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**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Capital Leases

The District is leasing a telephone communication system, Chromebooks and various other capital equipment and vehicles amounting to \$487,545.19 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2018:

Fiscal Year Ending June 30,	Amount
2019	\$ 112,010.57
2020	84,690.53
2021	84,690.53
2022	84,690.53
2023	84,690.53
Total minimum lease payments	450,772.69
Less amount representing interest	31,464.10
Present value of lease payments	\$ 419,308.59

NOTE 7 – PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at www.state.nj.us/treasury/pensions/annrpts.shtml

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of 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.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. 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.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.34% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 23.85% and the PERS rate is 13.37% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2018, 2017 and 2016 were \$790,590.00, \$608,072.00 and \$420,312.00 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2018, 2017 and 2016 were \$110,666.00, \$125,148.00 and \$111,351.00 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2018, 2017 and 2016, the State of New Jersey contributed \$510,119.00, \$505,888.00 and \$500,475.00, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$408,721.98, \$425,331.05 and \$391,780.97, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Standards.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were 19 employees enrolled in the DCRP for the year ended June 30, 2018.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PERS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

NOTE 8 – PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2018, the District reported a liability of \$2,746,590.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 0.01179887760%, which was a decrease of 15.66% from its proportion measured as of June 30, 2016.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

For the year ended June 30, 2017, the District recognized pension expense of \$126,479.00. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,673.00	
Changes of assumptions	553,343.00	551,315.00
Net difference between projected and actual earnings on pension plan investments	18,702.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	135,978.00	446,329.00
District contributions subsequent to the measurement date	109,304.00	
Total	\$ 882,000.00	\$ 997,644.00

\$109,304.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 178,963.00
2020	260,006.00
2021	154,443.00
2022	(206,481.00)
2023	(161,982.00)
Total	<u>\$ 224,949.00</u>

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 3,295,244.96	2,746,590.00	2,290,084.57

Pension plan fiduciary net position.

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

NOTE 9 – TEACHERS PENSIONS AND ANNUITY FUND (TPAF)

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		36,393,672.00
Total	\$	36,393,672.00

The net pension liability was measured as of June 30, 2017 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2016.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

For the year ended June 30, 2018, the District recognized pension expense of \$2,521,169.00 and revenue of \$2,521,169.00 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 238,104.00	62,280.00
Changes of assumptions	7,221,267.00	6,307,211.00
Net difference between projected and actual earnings on pension plan investments	184,338.00	
Changes in proportion and differences between District contributions and proportionate share of contributions		451,331.00
District contributions subsequent to the measurement date	606,121.00	
Total	<u>\$ 8,249,830.00</u>	<u>6,820,822.00</u>

\$606,121.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 258,073.00
2020	409,816.00
2021	342,663.00
2022	192,124.00
2023	217,815.00
Thereafter	(597,603.00)
Total	<u>\$ 822,888.00</u>

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

Inflation Rate	2.25%
Salary Increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Pre-retirement, post-retirement and disable mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 year average of Social Security data from 1953 to 2013.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount rate. The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.25% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.25%) or 1-percentage point higher (5.25%) than the current rate:

	1% Decrease (3.25)	Current Discount Rate (4.25%)	1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

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

NOTE 10 – OTHER POST-RETIREMENT BENEFITS

P.L. 1987, Chapter 384 and P.L. 1990 Chapter 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 funding and payment of post-retirement medical benefits for retired State employees and educational employees. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides 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 School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 53, 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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees covered by benefit terms:

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

TPAF participant retirees:

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

PERS participant retirees:

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

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate used for the fiscal year ending June 30, 2017 is 3.58%.

Health Care Trend: For pre-Medicare PPO medical benefits, the initial amount is 5.9% and decreases to 5.0% long term trend rate after 9 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after 9 years. For prescription drug benefits, the initial trend rate is 10/5% decreasing to a 5.0% long-term trend rate after 8years. For Medicare Part-B reimbursement, the trend rate is 5.0%.

Salary Scale: The salary scale assumptions will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree health contributions for current and future retirees who are subject to Chapter 78. The PERS and TPAF pension actuarial reports are used for the fiscal year ending June 30, 2018.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based on the following:

Pre-retirement Healthy Mortality: RP-2014 headcount-weighted healthy employee male/female mortality table with fully generational mortality improvement projections from the central year using scale MP-2017.

Post-retirement Healthy Mortality: RP-2014 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Disabled Mortality: RP-2014 headcount-weighted disabled male/female mortality table with fully generational improvement projections from the central year using scale MP-2017

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**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Changes in the Total OPEB liability reported by the State of New Jersey:

Balance at 6/30/16	\$ 57,831,784,184.00
Changes for the year:	
Service cost	2,391,878,884.00
Interest	1,699,441,736.00
Changes in assumptions or other inputs	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Benefit payments	<u>(1,242,412,566.00)</u>
Net changes	<u>(4,191,942,326.00)</u>
Balance at 6/30/17	<u><u>\$ 53,639,841,858.00</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the State for school board retirees, as well as what the state's total OPEB liability for school boards would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB Liability (School Retirees)	63,674,362,200.00	53,639,841,858.00	45,680,364,953.00

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	44,113,584,560.00	53,639,841,858.00	66,290,599,457.00

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

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$1,692,941.00 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	
Changes of assumptions		6,343,769,032.00
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	1,190,373,242.00	
 Total	\$ 1,190,373,242.00	6,343,769,032.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	\$ (742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
2023	(742,830,097.00)
Thereafter	(2,629,618,547.00)
Total	\$ (6,343,769,032.00)

(Contributions made after June 30, 2017 are reported as deferred outflow of resources but are not amortized in the expense.)

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

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**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 11 – COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years as long as it does not violate Title 18A. Upon retirement employees shall be paid by the District for unused sick leave in accordance with the District's agreements with the various employee unions.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, there was no liability for compensated absences in the Food Service Enterprise Fund.

NOTE 12 – DEFERRED COMPENSATION

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

Equitable Life
Lincoln Investment Planning, Inc.
Syracusa

NOTE 13 – TUITION RESERVE ACCOUNT

A tuition reserve account was established by the City of Absecon Board of Education in accordance with N.J.A.C. 6A:23-3.1(f)(8). This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective year. The tuition reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the tuition reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$	298,640.00
June Board Transfer		165,030.00
Withdrawals:		(163,400.00)
Per Approved Budget		(163,400.00)
Ending balance, June 30, 2018	\$	300,270.00

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 14 – MAINTENANCE RESERVE ACCOUNT

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

The activity of the Maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$	105,004.00
Interest earnings	2.00	
June Board Transfer	<u>40,000.00</u>	
		<u>40,002.00</u>
Withdrawals:		
Per Approved Budget	<u>(20,000.00)</u>	
		<u>(20,000.00)</u>
Ending balance, June 30, 2018	\$	<u><u>125,006.00</u></u>

NOTE 15 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by City of Absecon Board of Education by the inclusion of \$1 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve account for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$	139,249.96
Interest earnings	202.86	
June Board Transfer	<u>40,000.00</u>	
		<u>40,202.86</u>
Withdrawals:		
Per Approved Budget	<u>(40,000.00)</u>	
		<u>(40,000.00)</u>
Ending balance, June 30, 2018	\$	<u><u>139,452.82</u></u>

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 16 – RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>Contributions</u>	<u>Interest on Investment</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ 11,791.95	227.62	10,492.88	156,561.84
2016-2017	12,096.77	197.21	513.82	155,035.15
2015-2016	11,085.20	205.72	9,998.30	143,254.99

NOTE 17 – CONTINGENT LIABILITIES

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance would result in the disallowance of program expenditures.

NOTE 18 – ECONOMIC DEPENDENCY

The District receives support from the federal and state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

NOTE 19 – LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse effect on the accompanying financial statements.

NOTE 20 – COMMITMENTS

The District does not have an encumbrance policy for the fiscal year end to determine significant encumbrances. All encumbrances are classified as Assigned Fund Balance in the General Fund and Special Revenue Fund. Significant encumbrances at June 30th are as follows:

<u>Fund</u>	<u>Amount</u>
General Fund Encumbered Orders	\$ 773.38
	<u>\$ 773.38</u>

**CITY OF ABSECON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 21 – FUND BALANCE APPROPRIATED

General Fund – Of the \$1,309,593.61 General Fund fund balance, at June 30, 2018, \$773.38 is reserved for encumbrances, \$205,960.95 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$106,945.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018), \$139,452.82 has been reserved in the Capital Reserve Account; \$300,270.00 has been reserved in a Tuition Reserve Account; \$125,006.00 has been reserved in a Maintenance Reserve Account; \$344,959.00 is designated by BOE for subsequent expenditures; and \$193,171.46 is classified as unassigned.

NOTE 22 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount of budgeted fund balance in their subsequent years' budget. The excess fund balance generated in June 30, 2018 is \$99,015.95.

NOTE 23 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2018 through January 25, 2019, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

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Required Supplementary Information – Part II

Budgetary Comparison Schedules

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,661,111.00		11,661,111.00	11,661,111.00	-
Tuition From Other LEAs Within the State	29,236.00		29,236.00	89,982.12	60,746.12
Interest Earned on Capital Reserve Funds	10.00		10.00	202.86	192.86
Interest Earned on Maintenance Reserve Funds	2.00		2.00	5.00	3.00
Interest Earned on Investments			-	2,255.79	2,255.79
Transportation Fees from Individuals			-	450.00	450.00
Unrestricted Miscellaneous Revenues	4,100.00		4,100.00	15,653.13	11,553.13
Total Local Sources	<u>11,694,459.00</u>	<u>-</u>	<u>11,694,459.00</u>	<u>11,769,659.90</u>	<u>75,200.90</u>
State Sources:					
Categorical Special Education Aid	515,308.00		515,308.00	515,308.00	-
Equalization Aid	798,863.00		798,863.00	952,393.00	153,530.00
Categorical Security Aid	51,965.00		51,965.00	51,965.00	-
Under Adequacy Aid	77,534.00		77,534.00	77,534.00	-
Per Pupil Growth Aid	9,570.00		9,570.00	9,570.00	-
PARCC Readiness Aid	9,570.00		9,570.00	9,570.00	-
Categorical Transportation Aid	69,426.00		69,426.00	69,426.00	-
Professional Learning Community Aid	9,030.00		9,030.00	9,030.00	-
Extraordinary Aid			-	25,719.00	25,719.00
Non-public Transportation Aid			-	17,400.00	17,400.00
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)			-	510,119.00	510,119.00
TPAF Pension (On-Behalf - Non-Budgeted)			-	789,806.00	789,806.00
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)			-	784.00	784.00
TPAF Social Security (Reimbursed- Non-Budgeted)			-	408,721.98	408,721.98
Total State Sources	<u>1,541,266.00</u>	<u>-</u>	<u>1,541,266.00</u>	<u>3,447,345.98</u>	<u>1,906,079.98</u>
Federal Sources:					
Medicaid Reimbursement	16,103.00		16,103.00	6,220.26	(9,882.74)
Total Federal Sources	<u>16,103.00</u>	<u>-</u>	<u>16,103.00</u>	<u>6,220.26</u>	<u>(9,882.74)</u>
Total Revenues	<u>13,251,828.00</u>	<u>-</u>	<u>13,251,828.00</u>	<u>15,223,226.14</u>	<u>1,971,398.14</u>
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Kindergarten - Salaries of Teachers	349,872.00	10,212.50	360,084.50	360,080.50	4.00
Grades 1 - 5 - Salaries of Teachers	1,904,176.00	(91,422.05)	1,812,753.95	1,809,158.21	3,595.74
Grades 6 - 8 - Salaries of Teachers	1,484,640.00	55,071.00	1,539,711.00	1,535,641.99	4,069.01
Regular Programs - Home Instruction					
Salaries of Teachers	2,500.00	13,850.00	16,350.00	12,730.00	3,620.00
Purchased Prof - Educational Serv	2,500.00	(2,230.00)	270.00		270.00
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	4,400.00	1,519.96	5,919.96	5,919.96	-
Purchased Technical Services	6,600.00		6,600.00	2,185.77	4,414.23
Other Purchased Services (400-500 series)	39,600.00	716.63	40,316.63	39,828.62	488.01
General Supplies	172,683.90	(30,752.17)	141,931.73	140,232.87	1,698.86
Textbooks	6,000.00	764.58	6,764.58	6,044.37	720.21
Other Objects	800.00	100.00	900.00	350.00	550.00
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>3,973,771.90</u>	<u>(42,169.55)</u>	<u>3,931,602.35</u>	<u>3,912,172.29</u>	<u>19,430.06</u>
SPECIAL EDUCATION - INSTRUCTION					
Multiple Disabilities					
Salaries of Teachers	74,962.00	(5,625.00)	69,337.00	66,662.34	2,674.66
Other Salaries for Instruction	26,825.00	70.00	26,895.00	26,482.55	412.45
General Supplies	2,050.00		2,050.00	1,070.40	979.60
Textbooks	200.00	(200.00)	-		-
Total Multiple Disabilities	<u>104,037.00</u>	<u>(5,755.00)</u>	<u>98,282.00</u>	<u>94,215.29</u>	<u>4,066.71</u>
Resource Room/Resource Center					
Salaries of Teachers	670,027.00	26,614.40	696,641.40	696,534.70	106.70
Other Salaries for Instruction	129,110.00	(4,093.00)	125,017.00	124,823.50	193.50
General Supplies	4,086.00		4,086.00	2,655.61	1,430.39
Textbooks	800.00	(500.00)	300.00		300.00
Total Resource Room/Resource Center	<u>804,023.00</u>	<u>22,021.40</u>	<u>826,044.40</u>	<u>824,013.81</u>	<u>2,030.59</u>

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Preschool Disabilities - Full Time					
Salaries of Teachers	63,563.00	(5,780.20)	57,782.80	57,782.00	0.80
Other Salaries for Instruction	13,621.00		13,621.00	10,646.85	2,974.15
General Supplies	500.00		500.00	174.40	325.60
Total Preschool Disabilities - Full Time	<u>77,684.00</u>	<u>(5,780.20)</u>	<u>71,903.80</u>	<u>68,603.25</u>	<u>3,300.55</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>985,744.00</u>	<u>10,486.20</u>	<u>996,230.20</u>	<u>986,832.35</u>	<u>9,397.85</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	90,688.00		90,688.00	90,688.00	-
General Supplies	200.00		200.00	173.76	26.24
Total Basic Skills/Remedial - Instruction	<u>90,888.00</u>	<u>-</u>	<u>90,888.00</u>	<u>90,861.76</u>	<u>26.24</u>
Bilingual Education - Instruction					
Salaries of Teachers	169,246.00	620.00	169,866.00	169,698.00	168.00
General Supplies	2,000.00		2,000.00	399.89	1,600.11
Total Bilingual Education - Instruction	<u>171,246.00</u>	<u>620.00</u>	<u>171,866.00</u>	<u>170,097.89</u>	<u>1,768.11</u>
School-Spon. Cocurricular Activities - Instruction					
Salaries	28,800.00		28,800.00	28,800.00	-
Total School-Spon. Cocurricular Activities - Inst.	<u>28,800.00</u>	<u>-</u>	<u>28,800.00</u>	<u>28,800.00</u>	<u>-</u>
School-Sponsored Athletics - Instruction					
Salaries	7,200.00	480.00	7,680.00	7,680.00	-
Total School-Sponsored Athletics - Instruction	<u>7,200.00</u>	<u>480.00</u>	<u>7,680.00</u>	<u>7,680.00</u>	<u>-</u>
Before/After School Programs - Instruction					
Salaries of Teachers	28,000.00		28,000.00	6,200.00	21,800.00
Supplies & Materials	1,700.00		1,700.00	183.28	1,516.72
Total Before/After School Programs - Instruction	<u>29,700.00</u>	<u>-</u>	<u>29,700.00</u>	<u>6,383.28</u>	<u>23,316.72</u>
Community Services Programs/Operations					
Supplies and Materials	350.00		350.00		350.00
Total Community Services Programs/Operations	<u>350.00</u>	<u>-</u>	<u>350.00</u>	<u>-</u>	<u>350.00</u>
TOTAL INSTRUCTION	<u>5,287,699.90</u>	<u>(30,583.35)</u>	<u>5,257,116.55</u>	<u>5,202,827.57</u>	<u>54,288.98</u>
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEA's Within the State - Regular	455,202.00	54,587.73	509,789.73	504,959.33	4,830.40
Tuition to Other LEA's Within the State - Special		35,187.78	35,187.78	35,187.78	-
Tuition to County Voc School Dist - Regular	1,161,215.00		1,161,215.00	1,161,215.00	-
Tuition to CSSD & Regional Day Schools	428,275.00	(122,408.06)	305,866.94	291,037.00	14,829.94
Tuition to Private Schools for the Disabled -W/I State	281,000.00	(44,216.13)	236,783.87	233,591.47	3,192.40
Tuition - Other	28,932.00	(28,932.00)	-		-
Total Undistributed Expenditures - Instruction	<u>2,354,624.00</u>	<u>(105,780.68)</u>	<u>2,248,843.32</u>	<u>2,225,990.58</u>	<u>22,852.74</u>
Undist. Expend. - Attendance and Social Work					
Salaries	50,961.00		50,961.00	50,961.00	-
Purchased Professional & Technical Services	12,000.00	(3,181.25)	8,818.75	8,605.00	213.75
Supplies & Materials	300.00		300.00		300.00
Total Undist. Expend. - Attendance and Social Work	<u>63,261.00</u>	<u>(3,181.25)</u>	<u>60,079.75</u>	<u>59,566.00</u>	<u>513.75</u>
Undistributed Expend. - Health Services					
Salaries	86,004.00		86,004.00	85,129.00	875.00
Purchased Professional & Technical Services	8,000.00	1,931.83	9,931.83	9,830.50	101.33
Other Purchased Services (400-500 series)	355.00	(142.05)	212.95	105.00	107.95
Supplies & Materials	3,000.00	1,575.32	4,575.32	4,575.32	-
Total Undistributed Expend. - Health Services	<u>97,359.00</u>	<u>3,365.10</u>	<u>100,724.10</u>	<u>99,639.82</u>	<u>1,084.28</u>
Undist. Expend. - Speech, OT, PT and Related Services					
Salaries	113,546.00		113,546.00	113,546.00	-
Purchased Professional - Educational Services	65,395.00	28,151.25	93,546.25	88,103.25	5,443.00
Supplies & Materials	300.00	4,668.00	4,968.00	4,775.80	192.20
Total Undist. Expend. - Speech, OT, PT and Related Services	<u>179,241.00</u>	<u>32,819.25</u>	<u>212,060.25</u>	<u>206,425.05</u>	<u>5,635.20</u>
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	19,327.00	51,225.35	70,552.35	68,355.40	2,196.95
Supplies & Materials		286.00	286.00	283.48	2.52
Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services	<u>19,327.00</u>	<u>51,511.35</u>	<u>70,838.35</u>	<u>68,638.88</u>	<u>2,199.47</u>

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Other Support Serv. Students - Guidance					
Salaries of Other Professional Staff	58,694.00	209.32	58,903.32	58,903.32	-
Other Purchased Professional & Technical Services	2,400.00	(209.32)	2,190.68	700.10	1,490.58
Supplies & Materials	4,150.00		4,150.00	283.80	3,866.20
Total Undist. Expend. - Other Support Services Students - Guidance	65,244.00	-	65,244.00	59,887.22	5,356.78
Undist. Expend. - Other Support Serv. Students - Child Study Team					
Salaries of Other Professional Staff	220,117.00		220,117.00	220,116.60	0.40
Salaries of Secretarial and Clerical Assistants	37,805.00	425.29	38,230.29	38,230.29	-
Other Salaries	4,500.00	1,085.00	5,585.00	5,585.00	-
Other Purchased Professional & Technical Services	4,650.00	(425.25)	4,224.75	4,200.00	24.75
Misc. Purchased Services (400-500 series o/than res)	3,500.00		3,500.00	3,084.00	416.00
Supplies & Materials	4,500.00	(1,085.00)	3,415.00	3,056.64	358.36
Total Undist. Expend. - Other Support Services Students - Child Study Team	275,072.00	0.04	275,072.04	274,272.53	799.51
Undist. - Improvement of Instructional Services					
Salaries of Supervisor of Instruction	1,000.00		1,000.00	500.00	500.00
Salaries of Other Professional Staff	4,800.00	2,040.00	6,840.00	6,840.00	-
Other Salaries		500.00	500.00	500.00	-
Purchased Professional - Educational Services	5,400.00	(3,490.00)	1,910.00		1,910.00
Other Purchased Services		980.00	980.00		980.00
Supplies and Materials	6,600.00		6,600.00		6,600.00
Total Undist. - Improvement of Instructional Services	17,800.00	30.00	17,830.00	7,840.00	9,990.00
Undist. Expend. - Edu. Media Serv./Library					
Salaries	88,639.00	90.00	88,729.00	88,164.00	565.00
Salaries of Technology Coordinators	40,450.00	400.08	40,850.08	40,850.08	-
Purchased Professional and Technical Services	4,263.00		4,263.00	2,940.00	1,323.00
Other Purchased Services (400-500 series)	700.00		700.00		700.00
Supplies and Materials	5,000.00		5,000.00	4,975.11	24.89
Total Undistributed Expenditures - Educational Media Services - School Library	139,052.00	490.08	139,542.08	136,929.19	2,612.89
Undist. Expend. - Instructional Staff Training Services					
Other Purchased Professional & Technical Services		2,300.00	2,300.00	2,300.00	-
Other Purchased Services (400-500 series)	6,600.00	(2,300.00)	4,300.00	3,066.42	1,233.58
Total Undistributed Expenditure - Instructional Staff Training Services	6,600.00	-	6,600.00	5,366.42	1,233.58
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	198,846.00	0.08	198,846.08	198,846.00	0.08
Legal Services	15,000.00	12,000.00	27,000.00	18,163.42	8,836.58
Audit Services	21,000.00		21,000.00	20,000.00	1,000.00
Architectural/Engineering Services	5,909.00		5,909.00	2,538.75	3,370.25
Other Purchased Professional Services	7,444.00	4,549.95	11,993.95	11,993.95	-
Purchased Technical Services	2,800.00	(1,000.00)	1,800.00	384.00	1,416.00
Communications/Telephone	29,000.00	5,593.00	34,593.00	26,274.85	8,318.15
BOE - Other Purchased Services	2,500.00		2,500.00	1,765.17	734.83
Misc. Purch Serv (400-500 series)	42,000.00	(993.10)	41,006.90	38,800.15	2,206.75
General Supplies	2,500.00	1,793.10	4,293.10	4,187.37	105.73
BOE In-House Training/Meeting Supplies	250.00	500.00	750.00	646.82	103.18
Miscellaneous Expenditures	750.00		750.00	526.00	224.00
BOE Membership Dues and Fees	6,500.00	(300.00)	6,200.00	5,776.00	424.00
Total Undistributed Expenditures - Support Services - General Administration	334,499.00	22,143.03	356,642.03	329,902.48	26,739.55

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals/Prog Dir	228,896.00	(3,599.66)	225,296.34	223,896.23	1,400.11
Salaries - Other		600.00	600.00	600.00	-
Salaries of Secretarial and Clerical Assistants	103,967.00	2,999.66	106,966.66	105,010.26	1,956.40
Purchased Professional and Technical Services	3,000.00		3,000.00	2,810.00	190.00
Other Purchased Services (400-500 series)	6,500.00		6,500.00	4,788.00	1,712.00
Supplies and Materials	6,250.00		6,250.00	5,799.55	450.45
Other Objects	2,500.00		2,500.00	1,970.00	530.00
Total Undistributed Expenditures - Support Services - School Administration	<u>351,113.00</u>	<u>-</u>	<u>351,113.00</u>	<u>344,874.04</u>	<u>6,238.96</u>
Undist. Expend. - Central Services					
Salaries	202,050.00		202,050.00	199,992.22	2,057.78
Purchased Professional Services	5,000.00	575.00	5,575.00	3,855.00	1,720.00
Purchased Technical Services	17,000.00		17,000.00	16,467.00	533.00
Misc. Purchased Services (400-500 series O/T 594)	6,500.00		6,500.00	2,197.92	4,302.08
Sale/Lease-back Payments	8,803.00		8,803.00	8,801.34	1.66
Supplies and Materials	1,500.00	4,800.00	6,300.00	6,048.85	251.15
Interest on Current Loans	2,437.00		2,437.00	2,436.55	0.45
Miscellaneous Expenditures	1,560.00		1,560.00	1,409.00	151.00
Total Undistributed Expenditures - Central Services	<u>244,850.00</u>	<u>5,375.00</u>	<u>250,225.00</u>	<u>241,207.88</u>	<u>9,017.12</u>
Undist. Expend. - Admin Info Technology					
Salaries	36,050.00		36,050.00	36,050.00	-
Purchased Technical Services	7,150.00		7,150.00	3,826.00	3,324.00
Supplies and Materials	25,500.00		25,500.00	10,528.58	14,971.42
Total Undistributed Expenditures - Admin Info Technology	<u>68,700.00</u>	<u>-</u>	<u>68,700.00</u>	<u>50,404.58</u>	<u>18,295.42</u>
Undist. Expend. - Required Maint. For School Fac.					
Salaries	50,000.00	4,690.90	54,690.90	54,690.90	-
Cleaning, Repair and Maintenance Service	77,000.00	(3,886.11)	73,113.89	36,778.85	36,335.04
General Supplies	16,000.00	(331.00)	15,669.00	15,381.72	287.28
Other Objects	300.00	2,170.00	2,470.00	2,470.00	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>143,300.00</u>	<u>2,643.79</u>	<u>145,943.79</u>	<u>109,321.47</u>	<u>36,622.32</u>
Undist. Expend. - Custodial Services					
Salaries	305,634.00	(13,957.19)	291,676.81	287,211.41	4,465.40
Salaries of Non-Instructional Aides	23,400.00	(7,000.00)	16,400.00	7,145.00	9,255.00
Cleaning, Repair and Maintenance Service	16,900.00		16,900.00	15,389.54	1,510.46
Other Purchased Property Services	27,840.00		27,840.00	24,468.91	3,371.09
Insurance	40,385.00		40,385.00	39,698.91	686.09
General Supplies	37,270.00	60.80	37,330.80	37,330.80	-
Energy - (Natural Gas)	45,760.00		45,760.00	38,550.06	7,209.94
Energy - (Electricity)	180,000.00	(6,161.75)	173,838.25	138,438.39	35,399.86
Other Objects	300.00	(180.00)	120.00		120.00
Total Undistributed Expenditures - Custodial Services	<u>677,489.00</u>	<u>(27,238.14)</u>	<u>650,250.86</u>	<u>588,233.02</u>	<u>62,017.84</u>
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	43,545.00		43,545.00	42,254.50	1,290.50
Cleaning, Repair and Maintenance Services	5,000.00	(3,051.91)	1,948.09	1,406.20	541.89
General Supplies	5,000.00	2,054.07	7,054.07	6,846.68	207.39
Total Undistributed Expenditures - Care and Upkeep of Grounds	<u>53,545.00</u>	<u>(997.84)</u>	<u>52,547.16</u>	<u>50,507.38</u>	<u>2,039.78</u>
Undist. Expend. - Security					
Purchased Professional and Technical Service	5,822.00	(314.18)	5,507.82	5,298.05	209.77
General Supplies	5,500.00	3,140.03	8,640.03	8,640.03	-
Total Undistributed Expenditures - Security	<u>11,322.00</u>	<u>2,825.85</u>	<u>14,147.85</u>	<u>13,938.08</u>	<u>209.77</u>
Total Undistributed Expenditures Operations and Maintenance of Plant	<u>885,656.00</u>	<u>(22,766.34)</u>	<u>862,889.66</u>	<u>761,999.95</u>	<u>100,889.71</u>

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Student Transportation Serv.					
Sal for Pupil Trans -(Bet Home & Sch)-Reg.	4,000.00	166.75	4,166.75	4,166.75	-
Sal for Pupil Trans -(Bet Home & Sch)- Sp. Ed	1,000.00	41.75	1,041.75	1,041.75	-
Sal for Pupil Trans -(Bet Home & Sch)-NonPublic	1,000.00	41.75	1,041.75	1,041.75	-
Contract. Serv. - Aid In Lieu Pymts - Non Public	12,376.00	(5,250.25)	7,125.75	4,500.00	2,625.75
Contract. Serv. - Aid In Lieu Pymts - Charter Schools	5,304.00		5,304.00	2,693.75	2,610.25
Contract. Serv. - Aid In Lieu Pymts - Choice Schools	39,780.00	220.00	40,000.00	39,500.00	500.00
Contract. Serv. - (Bet. Home & School) - Vendors	4,500.00		4,500.00	4,500.00	-
Contract. Serv. - (Oth. than Bet. Home & School) - Vendors		325.55	325.55	325.55	-
Contract. Serv. - (Bet. Home & School) - Joint Agrmnts	271,565.00	32,845.52	304,410.52	279,887.24	24,523.28
Contract. Serv. - (Sp Ed Stds) - Joint Agrmnts	248,382.00	20,304.85	268,686.85	219,849.96	48,836.89
Contract. Serv. - (Regular Students) ESCs & CTSA's	53,000.00	6,360.00	59,360.00	59,360.00	-
Total Undistributed Expenditures - Student Transportation Services	<u>640,907.00</u>	<u>55,055.92</u>	<u>695,962.92</u>	<u>612,366.75</u>	<u>83,596.17</u>
Unallocated Benefits - Personal Services - Employee Benefits					
Social Security Contributions	126,149.00		126,149.00	116,469.57	9,679.43
Other Retirement Contributions - PERS	125,000.00	(13,500.00)	111,500.00	110,666.33	833.67
Other Retirement Contributions - Regular	12,400.00		12,400.00	10,662.55	1,737.45
Workmen's Compensation	87,500.00	(8,200.00)	79,300.00	78,194.11	1,105.89
Health Benefits	1,826,307.00	(73,624.15)	1,752,682.85	1,720,173.61	32,509.24
Tuition Reimbursement	37,000.00		37,000.00	36,977.38	22.62
Other Employee Benefits	94,000.00		94,000.00	82,647.45	11,352.55
Unused Sick Payments to Retired Staff		9,386.00	9,386.00	9,386.00	-
Total Unallocated Benefits - Personal Services - Employee Benefits	<u>2,308,356.00</u>	<u>(85,938.15)</u>	<u>2,222,417.85</u>	<u>2,165,177.00</u>	<u>57,240.85</u>
On-Behalf Contributions					
On-Behalf TPAF Post Retirement Pension Contribution (non-bud)			-	510,119.00	(510,119.00)
On-Behalf TPAF Pension Contribution (non-bud)			-	789,806.00	(789,806.00)
On-Behalf TPAF Long-Term Disability Insurance (non-bud)			-	784.00	(784.00)
Reimbursed TPAF Social Security Cont.(non-bud)			-	408,721.98	(408,721.98)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,709,430.98</u>	<u>(1,709,430.98)</u>
Total Personal Services - Employee Benefits	<u>2,308,356.00</u>	<u>(85,938.15)</u>	<u>2,222,417.85</u>	<u>3,874,607.98</u>	<u>(1,652,190.13)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>8,051,661.00</u>	<u>(46,876.65)</u>	<u>8,004,784.35</u>	<u>9,359,919.35</u>	<u>(1,355,135.00)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>13,339,360.90</u>	<u>(77,460.00)</u>	<u>13,261,900.90</u>	<u>14,562,746.92</u>	<u>(1,300,846.02)</u>
CAPITAL OUTLAY					
Equipment					
Equipment - Custodial Services	2,730.00		2,730.00	2,730.00	-
Total Equipment	<u>2,730.00</u>	<u>-</u>	<u>2,730.00</u>	<u>2,730.00</u>	<u>-</u>
Facilities Acquisition & Construction Services					
Construction Services	24,400.00		24,400.00	4,747.42	19,652.58
Supplies & Materials	15,600.00		15,600.00	15,599.98	0.02
Assessment Debt Service on SDA Funding	25,742.00		25,742.00	25,742.00	-
Total Facilities Acquisition & Construction Services	<u>65,742.00</u>	<u>-</u>	<u>65,742.00</u>	<u>46,089.40</u>	<u>19,652.60</u>
Assets Acquired Under Capital Lease (non-budget)					
Undistributed Expenditures:					
Equipment:					
Various Capital Equipment & Vehicles			-	385,000.00	-
Total Assets Acquired Under Capital Lease (non-budget)	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,000.00</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>68,472.00</u>	<u>-</u>	<u>68,472.00</u>	<u>433,819.40</u>	<u>19,652.60</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	17,280.00	(1,650.00)	15,630.00	14,240.00	1,390.00
Other Salaries for Instruction	1,500.00	1,650.00	3,150.00	3,150.00	-
Purchased Professional and Technical Services	4,310.00		4,310.00	2,184.00	2,126.00
General Supplies	225.00		225.00	222.85	2.15
Total Summer School - Instruction	<u>23,315.00</u>	<u>-</u>	<u>23,315.00</u>	<u>19,796.85</u>	<u>3,518.15</u>
TOTAL SPECIAL SCHOOLS	<u>23,315.00</u>	<u>-</u>	<u>23,315.00</u>	<u>19,796.85</u>	<u>3,518.15</u>
Transfer of Funds to Charter Schools	360,981.00	77,460.00	438,441.00	438,441.00	-
TOTAL EXPENDITURES	<u>13,792,128.90</u>	<u>-</u>	<u>13,792,128.90</u>	<u>15,454,804.17</u>	<u>(1,277,675.27)</u>

CITY OF ABSECON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(540,300.90)	-	(540,300.90)	(231,578.03)	693,722.87
Other Financing Sources:					
Operating Transfers In:					
Assets Acquired by Capital Lease			-	385,000.00	385,000.00
Total Other Financing Sources:	-	-	-	385,000.00	385,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(540,300.90)	-	(540,300.90)	153,421.97	1,078,722.87
Fund Balance July 1	1,273,326.64		1,273,326.64	1,273,326.64	-
Fund Balance June 30	<u>\$ 733,025.74</u>	<u>-</u>	<u>733,025.74</u>	<u>1,426,748.61</u>	<u>1,078,722.87</u>
Recapitulation:					
Nonspendable Fund Balance					
None				\$ -	
Restricted Fund Balance:					
Excess Surplus - Current Year				99,015.95	
Excess Surplus - Designated for Subsequent Year's Expenditures				106,945.00	
Committed Fund Balance:					
Capital Reserve				99,452.82	
Maintenance Reserve				85,006.00	
Tuition Reserve				165,030.00	
Assigned Fund Balance:					
Other Purposes				773.38	
Designated for Subsequent Year's Expenditures				344,959.00	
Tuition Reserve Designated for Subsequent Year's Expenditures				135,240.00	
Maintenance Reserve Designated for Subsequent Year's Expenditures				40,000.00	
Capital Reserve Designated for Subsequent Year's Expenditures				40,000.00	
Unassigned Fund Balance				<u>310,326.46</u>	
				1,426,748.61	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				117,155.00	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,309,593.61</u>	

CITY OF ABSECON SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Amendments/ Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
State Sources	\$ 173,299.00	87,049.00	260,348.00	256,736.67	3,611.33
Federal Sources	770,170.00	243,017.97	1,013,187.97	971,439.96	41,748.01
Total Revenues	943,469.00	330,066.97	1,273,535.97	1,228,176.63	45,359.34
EXPENDITURES:					
Instruction:					
Salaries of Teachers	298,810.00	36,099.93	334,909.93	330,676.74	4,233.19
Other Salaries for Instruction	65,968.00	570.00	66,538.00	66,538.00	-
Other Purchased Services (400-500 series)	267,092.00	117,053.00	384,145.00	381,035.00	3,110.00
General Supplies	23,027.00	46,344.26	69,371.26	61,967.33	7,403.93
Textbooks	24,381.00	(278.00)	24,103.00	23,494.81	608.19
Total Instruction	679,278.00	199,789.19	879,067.19	863,711.88	15,355.31
Support Services:					
Salaries of Program Director	5,000.00	(4,000.00)	1,000.00	1,000.00	-
Salaries of Sec and Clerical Assistants	2,348.00		2,348.00	1,956.40	391.60
Other Salaries	6,780.00	8,007.97	14,787.97	8,370.00	6,417.97
Personal Services - Employee Benefits	82,289.38	91,013.11	173,302.49	166,967.94	6,334.55
Purchased Professional Technical Services		16,100.00	16,100.00	2,000.00	14,100.00
Other Purchased Professional - Educational Services	117,363.00	679.48	118,042.48	109,755.97	8,286.51
Other Purchased Services (400-500 series)	3,692.62	10,981.38	14,674.00	22,710.37	(8,036.37)
Contr Serv-Trans. (Bet. Home & School)		17,676.84	17,676.84	17,554.00	122.84
Contr Serv-Trans. (Field Trips)	2,568.00	(741.20)	1,826.80	966.89	859.91
Travel	3,000.00	(2,000.00)	1,000.00	192.98	807.02
Supplies and Materials	41,150.00	(7,439.80)	33,710.20	32,990.20	720.00
Total Support Services	264,191.00	130,277.78	394,468.78	364,464.75	30,004.03
Total Outflows	943,469.00	330,066.97	1,273,535.97	1,228,176.63	45,359.34
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	(0.00)

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Notes to the Required Supplementary Information

CITY OF ABSECON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Year Ended June 30, 2018

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		<u>General Fund</u>			<u>Special Revenue Fund</u>
Sources / inflows of resources					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 16,406,048.14	[C-2]		1,228,176.63
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
None					
Prior year final State Aid payment was delayed until July 2017 and is recorded as revenue in current year under GAAP.					
		115,614.00			
Final State Aid payment delayed until July 2018 is recorded as budgetary revenue but is not recognized under GAAP.					
		(117,155.00)			
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>16,404,507.14</u>	[B-2]		<u>1,228,176.63</u>
Uses / outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	16,637,626.17	[C-2]		1,228,176.63
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.					
None					
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>\$ 16,637,626.17</u>	[B-2]		<u>1,228,176.63</u>

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Required Supplementary Information – Part III

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

	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0117988776%	0.0139894190%	0.0129518298%	0.0129093719%	0.0136813264%
District's proportionate of the net pension liability (asset)	\$ 2,746,590.00	\$ 4,143,265.00	\$ 2,907,426.00	\$ 2,416,987.00	\$ 2,614,773.00
District's covered payroll	\$ 903,323.00	\$ 886,756.00	\$ 926,248.00	\$ 884,408.00	\$ 884,879.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	304.05%	467.24%	313.89%	273.29%	295.49%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

CITY OF ABSECON SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Five Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 110,666.00	\$ 125,148.00	\$ 111,351.00	\$ 106,423.00	\$ 103,086.00
Contributions in relation to the contractually required contribution	<u>110,666.00</u>	<u>125,148.00</u>	<u>111,351.00</u>	<u>106,423.00</u>	<u>103,086.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 903,323.00	\$ 886,756.00	\$ 926,248.00	\$ 884,408.00	\$ 884,879.00
Contributions as a percentage of covered-employee payroll	12.25%	14.11%	12.02%	12.03%	11.65%

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>36,393,672.00</u>	<u>41,297,508.00</u>	<u>33,271,066.00</u>	<u>29,509,732.00</u>	<u>28,153,528.00</u>
Total	<u>\$ 36,393,672.00</u>	<u>\$ 41,297,508.00</u>	<u>\$ 33,271,066.00</u>	<u>\$ 29,509,732.00</u>	<u>\$ 28,153,528.00</u>
District's covered payroll	\$ 5,785,208.00	\$ 5,480,247.00	\$ 5,453,395.00	\$ 5,329,417.00	\$ 5,187,432.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

CITY OF ABSECON SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
Public Employee Retirement System and Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 32,431,686.00</u>	<u>35,220,850.00</u>
Total	<u>\$ 32,431,686.00</u>	<u>35,220,850.00</u>
District's covered payroll	6,688,531.00	6,367,003.00
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.
However, information is only currently available for two years.
Additional years will be presented as they become available.

Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

CITY OF ABSECON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2018

	Total Brought Forward (Ex. E-1a)	Title I Part A	Title I SIA	Title IIA	Title III Immigrant	Title IV	Temporary Emergency Impact Aid	Totals 2018
REVENUES:								
State Sources	\$ 256,736.67							256,736.67
Federal Sources	677,497.68	220,916.09	20,723.54	25,485.00	9,068.65	2,874.00	14,875.00	971,439.96
Total Revenues	934,234.35	220,916.09	20,723.54	25,485.00	9,068.65	2,874.00	14,875.00	1,228,176.63
EXPENDITURES:								
Instruction:								
Salaries of Teachers	144,577.00	165,540.20		15,639.54	4,920.00			330,676.74
Other Salaries for Instruction	66,538.00							66,538.00
Other Purchased Services (400-500 series)	381,035.00							381,035.00
General Supplies	47,978.62	373.52	12,446.54		1,168.65			61,967.33
Textbooks	23,494.81							23,494.81
Total Instruction	663,623.43	165,913.72	12,446.54	15,639.54	6,088.65	-	-	863,711.88
Support Services:								
Salaries of Program Director	1,000.00							1,000.00
Salaries of Sec and Clerical Assistants	1,956.40							1,956.40
Other Salaries	-	1,120.00	4,580.00			2,670.00		8,370.00
Personal Services - Employee Benefits	110,463.48	50,648.00	350.00	4,926.46	376.00	204.00		166,967.94
Purchased Professional Technical Services	-		2,000.00					2,000.00
Other Purchased Professional - Educational Services	105,486.97			4,269.00				109,755.97
Other Purchased Services (400-500 series)	-	3,234.37	1,347.00	650.00	2,604.00		14,875.00	22,710.37
Contr Serv-Trans. (Bet. Home & School)	17,554.00							17,554.00
Contr Serv-Trans. (Field Trips)	966.89							966.89
Travel	192.98							192.98
Supplies and Materials	32,990.20							32,990.20
Total Support Services	270,610.92	55,002.37	8,277.00	9,845.46	2,980.00	2,874.00	14,875.00	364,464.75
Total Outflows	934,234.35	220,916.09	20,723.54	25,485.00	9,068.65	2,874.00	14,875.00	1,228,176.63
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-	-	-	-

**CITY OF ABSECON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2018**

	Total Brought Forward (Ex. E-1b)	Preschool Expansion	Nonpublic Speech	Nonpublic Supplemental Instruction	Nonpublic Examination & Classification	Nonpublic Auxiliary Comp. Ed.	Subtotals 2018
REVENUES:							
State Sources	\$ 112,451.67		5,535.00	23,868.00	36,219.00	78,663.00	256,736.67
Federal Sources	294,032.44	383,465.24					677,497.68
Total Revenues	406,484.11	383,465.24	5,535.00	23,868.00	36,219.00	78,663.00	934,234.35
EXPENDITURES:							
Instruction:							
Salaries of Teachers	8,078.00	136,499.00					144,577.00
Other Salaries for Instruction	-	66,538.00					66,538.00
Other Purchased Services (400-500 series)	236,750.00		5,535.00	23,868.00	36,219.00	78,663.00	381,035.00
General Supplies	16,126.00	31,852.62					47,978.62
Textbooks	23,494.81						23,494.81
Total Instruction	284,448.81	234,889.62	5,535.00	23,868.00	36,219.00	78,663.00	663,623.43
Support Services:							
Salaries of Program Director	-	1,000.00					1,000.00
Salaries of Secr and Clerical Assistants	-	1,956.40					1,956.40
Other Salaries	-						-
Personal Services - Employee Benefits	618.00	109,845.48					110,463.48
Purchased Professional Technical Services	-						-
Other Purchased Professional - Educational Services	89,137.30	16,349.67					105,486.97
Other Purchased Services (400-500 series)	-						-
Contr Serv-Trans. (Bet. Home & School)	-	17,554.00					17,554.00
Contr Serv-Trans. (Field Trips)	-	966.89					966.89
Travel	-	192.98					192.98
Supplies and Materials	32,280.00	710.20					32,990.20
Total Support Services	122,035.30	148,575.62	-	-	-	-	270,610.92
Total Outflows	406,484.11	383,465.24	5,535.00	23,868.00	36,219.00	78,663.00	934,234.35
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-	-	-

CITY OF ABSECON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2018

	IDEA Part B	IDEA Preschool	Nonpublic Nursing	Nonpublic Security Aid	Nonpublic Textbooks	Nonpublic Technology Aid	Subtotals 2018
REVENUES:							
State Sources	285,336.44	8,696.00	40,550.86	32,280.00	23,494.81	16,126.00	112,451.67
Federal Sources	285,336.44	8,696.00	40,550.86	32,280.00	23,494.81	16,126.00	294,032.44
Total Revenues							406,484.11
EXPENDITURES:							
Instruction:							
Salaries of Teachers		8,078.00					8,078.00
Other Salaries for Instruction							-
Other Purchased Services (400-500 series)	236,750.00					16,126.00	236,750.00
General Supplies					23,494.81		23,494.81
Textbooks						16,126.00	16,126.00
Total Instruction	236,750.00	8,078.00	-	-	23,494.81	16,126.00	284,448.81
Support Services:							
Salaries of Program Director							-
Salaries of Secr and Clerical Assistants							-
Other Salaries							-
Personal Services - Employee Benefits		618.00					618.00
Purchased Professional - Technical Services							-
Other Purchased Professional - Educational Services	48,586.44		40,550.86				89,137.30
Other Purchased Services (400-500 series)							-
Contr Serv-Trans. (Bet. Home & School)							-
Contr Serv-Trans. (Field Trips)							-
Travel							-
Supplies and Materials				32,280.00			32,280.00
Total Support Services	48,586.44	618.00	40,550.86	32,280.00	-	-	122,035.30
Total Outflows	285,336.44	8,696.00	40,550.86	32,280.00	23,494.81	16,126.00	406,484.11
Excess (Deficiency) of Revenues Over (Under)							
Expenditures and Other Financing Sources (Uses)							

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CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

CITY OF ABSECON SCHOOL DISTRICT
Capital Projects Funds
Summary Statement of Project Expenditures
June 30, 2018

Project Title/Issue	Date	Original Appropriations	Expenditures to Date		Transferred to Capital Reserve	Unexpended Balance June 30, 2018
			Prior Years	Current Years		
Capital Project-Roof/Bathroom/Lighting	2014	\$ 5,210,000.00	4,832,201.85	333,896.70		43,901.45
		<u>\$ 5,210,000.00</u>	<u>4,832,201.85</u>	<u>333,896.70</u>	<u>-</u>	<u>43,901.45</u>

ABSECON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, Project Balance
and Project Status - Budgetary Basis
June 30, 2018

Revenues and Other Financing Sources		
Miscellaneous	\$	581.89
		<hr/>
Total Revenues		581.89
Expenditures and Other Financing Uses		
Project Expenditures		333,896.70
		<hr/>
Total Expenditures		333,896.70
Excess (Deficiency) of Revenues		
Over (Under) Expenditures		<hr/> (333,314.81)
Other Financing Sources (Uses):		
Operating Transfers Out:		
Transfer to Debt Service Fund		<hr/> (581.89)
Total Other Financing Sources (Uses)		<hr/> (581.89)
Excess (Deficiency) of revenues and other financing sources		
sources over (under) expenditures and other financing sources (uses)		(333,896.70)
Fund Balance, Beginning		377,798.15
Fund Balance, Ending	\$	<hr/> <hr/> 43,901.45

CITY OF ABSECON SCHOOL DISTRICT
Capital Projects Funds
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Roof/Bathroom/Lighting/Misc Upgrades
From Inception and for the Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Sale of Bonds	\$ 5,210,000.00		5,210,000.00	5,210,000.00
Total Revenues	<u>5,210,000.00</u>	<u>-</u>	<u>5,210,000.00</u>	<u>5,210,000.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	4,832,201.85	333,896.70	5,166,098.55	5,166,098.55
Total Expenditures	<u>4,832,201.85</u>	<u>333,896.70</u>	<u>5,166,098.55</u>	<u>5,166,098.55</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 377,798.15</u>	<u>(333,896.70)</u>	<u>43,901.45</u>	<u>43,901.45</u>

Additional Project Information:

Project Number	0010-050-14-2000 & 0010-060-14-2000
Debt Service Approval	2/21/2014
Bond Authorization (Referendum) Date	4/24/2014
Bonds Authorized	\$ 5,210,000.00
Bonds Issued	\$ 5,210,000.00
Original Authorized Cost	\$ 5,210,000.00
Additional Authorized Cost	-
Revised Authorized Cost	\$ 5,210,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	99.16%
Original Target Completion Date	9/1/15
Revised Target Completion Date	Sep-18

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FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

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

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

CITY OF ABSECON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 158,833.29	33,933.58	192,766.87
Total Assets	<u>158,833.29</u>	<u>33,933.58</u>	<u>192,766.87</u>
LIABILITIES			
Accounts Payable	802.05	3,491.48	4,293.53
Payable to Other Funds	1,469.40		1,469.40
Payroll Deductions & Withholdings		14,448.95	14,448.95
Flexible Spending Claims		2,099.13	2,099.13
Payable to Student Groups		13,894.02	13,894.02
Total Liabilities	<u>2,271.45</u>	<u>33,933.58</u>	<u>36,205.03</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ <u>156,561.84</u>		156,561.84
Total Net Position			<u>156,561.84</u>
Total Liabilities and Net Position			<u>192,766.87</u>

CITY OF ABSECON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	Unemployment Compensation Trust	Totals
	<u>Trust</u>	<u>Totals</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 11,791.95	11,791.95
Total Contributions	<u>11,791.95</u>	<u>11,791.95</u>
Investments Earnings:		
Interest	227.62	227.62
Net Investment Earnings	<u>227.62</u>	<u>227.62</u>
Total Additions	<u>12,019.57</u>	<u>12,019.57</u>
Deductions		
Unemployment Claims	10,492.88	10,492.88
Total Deductions	<u>10,492.88</u>	<u>10,492.88</u>
Change in Net Position	1,526.69	1,526.69
Net Position - Beginning of the Year	<u>155,035.15</u>	<u>155,035.15</u>
Net Position - End of the Year	<u>\$ 156,561.84</u>	<u>156,561.84</u>

CITY OF ABSECON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Cash and Cash Equivalents	\$ 27,310.44	42,786.39	52,711.33	17,385.50
Total Assets	\$ <u>27,310.44</u>	<u>42,786.39</u>	<u>52,711.33</u>	<u>17,385.50</u>

CITY OF ABSECON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 14,789.10	8,245,812.50	8,244,053.52	16,548.08
Total Assets	<u>14,789.10</u>	<u>8,245,812.50</u>	<u>8,244,053.52</u>	<u>16,548.08</u>
LIABILITIES:				
Payroll Deductions & Withholding	14,441.97	3,746,290.14	3,746,283.16	14,448.95
Net Payroll	-	4,478,422.36	4,478,422.36	-
Flexible Spending Claims	347.13	21,100.00	19,348.00	2,099.13
Total Liabilities	<u>\$ 14,789.10</u>	<u>8,245,812.50</u>	<u>8,244,053.52</u>	<u>16,548.08</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balance of the general long-term liabilities of the school district. This includes serial bonds outstanding, the outstanding principal balance on capital leases.

CITY OF ABSECON SCHOOL DISTRICT
Schedule of General Serial Bonds
As of June 30, 2018

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds				Increased	Decreased	Balance June 30, 2018
			Date	Outstanding June 30, 2018	Amount	Interest Rate			
Renovations Project	5/8/2014	\$ 5,210,000	7/15/2018	275,000	275,000	2.250%	\$ 4,775,000.00	270,000.00	4,505,000.00
			7/15/2019	285,000	285,000	2.250%			
			7/15/2020	295,000	295,000	2.500%			
			7/15/2021	305,000	305,000	2.500%			
			7/15/2022	310,000	310,000	2.500%			
			7/15/2023	320,000	320,000	2.500%			
			7/15/2024	325,000	325,000	2.500%			
			7/15/2025	330,000	330,000	2.500%			
			7/15/2026	335,000	335,000	3.000%			
			7/15/2027	335,000	335,000	3.000%			
			7/15/2028	340,000	340,000	3.000%			
		7/15/2029	350,000	350,000	3.000%				
		7/15/2030	350,000	350,000	3.250%				
		7/15/2031	350,000	350,000	3.250%				
						\$ 4,775,000.00	270,000.00	4,505,000.00	

CITY OF ABSECON SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2018

Description	Amount of Original Issue	Balance June 30, 2017	Issued Current Year	Retired Current Year	Balance June 30, 2018
Telephone Communication System & Chromebooks	\$ 102,545.19	\$ 67,407.31		33,098.72	34,308.59
Various Capital Equipment & Vehicles	385,000.00	-	385,000.00		385,000.00
		<u>\$ 67,407.31</u>	<u>385,000.00</u>	<u>33,098.72</u>	<u>419,308.59</u>

CITY OF ABSECON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 259,380.00		259,380.00	259,380.00	-
Interest on Investments	10.00		10.00	10.00	-
Total - Local Sources	<u>259,390.00</u>	<u>-</u>	<u>259,390.00</u>	<u>259,390.00</u>	<u>-</u>
State Sources:					
Debt Service Aid Type II	134,746.00		134,746.00	134,746.00	-
Total - State Sources	<u>134,746.00</u>	<u>-</u>	<u>134,746.00</u>	<u>134,746.00</u>	<u>-</u>
Total Revenues	<u>394,136.00</u>	<u>-</u>	<u>394,136.00</u>	<u>394,136.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	270,000.00		270,000.00	270,000.00	
Interest on Bonds	126,313.00		126,313.00	126,312.50	0.50
Total Regular Debt Service	<u>396,313.00</u>	<u>-</u>	<u>396,313.00</u>	<u>396,312.50</u>	<u>0.50</u>
Total Expenditures	<u>396,313.00</u>	<u>-</u>	<u>396,313.00</u>	<u>396,312.50</u>	<u>0.50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,177.00)</u>	<u>-</u>	<u>(2,177.00)</u>	<u>(2,176.50)</u>	<u>0.50</u>
Other Financing Sources(Uses):					
Operating Transfers In:					
Transfer from Capital Projects	-		-	581.89	(581.89)
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	<u>(2,177.00)</u>	<u>-</u>	<u>(2,177.00)</u>	<u>(1,594.61)</u>	<u>(581.39)</u>
Fund Balance, July 1	2,963.65		2,963.65	2,963.65	
Fund Balance, June 30	<u>\$ 786.65</u>	<u>-</u>	<u>786.65</u>	<u>1,369.04</u>	<u>(581.39)</u>

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Statistical Section

**Absecon Board of Education
Net Position by Component,
Last Ten Fiscal Years**
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014 *	2015	2016	2017	2018
Governmental activities										
Net Investment in Capital Assets	9,604,547.10	11,059,562.38	11,430,310.67	11,738,524.45	11,426,887.71	11,150,959.06	15,338,190.73	10,129,216.10	9,988,951.71	9,990,036.16
Restricted	732,455.74	641,303.97	694,501.65	725,231.82	971,459.89	942,808.64	(3,548,849.78)	1,124,869.16	966,751.89	1,116,422.15
Unrestricted	2,460.16	7,998.68	203,711.10	(134,003.00)	(63,219.88)	(2,572,375.00)	(2,627,743.43)	(2,404,141.81)	(2,760,717.45)	(3,117,375.55)
Total governmental activities net position	<u>10,339,463.00</u>	<u>11,708,765.03</u>	<u>12,328,523.42</u>	<u>12,329,753.27</u>	<u>12,305,127.72</u>	<u>9,516,382.70</u>	<u>9,161,597.52</u>	<u>8,849,943.45</u>	<u>8,194,986.15</u>	<u>7,889,082.76</u>
Business-type activities										
Net Investment in Capital Assets	-	-	-	550.00	330.00	110.00	5,016.03	4,670.10	9,330.10	23,026.45
Restricted	69,810.50	69,830.91	57,214.40	57,022.60	66,132.89	94,783.31	102,345.86	94,929.42	94,976.55	82,985.65
Total business-type activities net position	<u>69,810.50</u>	<u>69,830.91</u>	<u>57,214.40</u>	<u>57,572.60</u>	<u>66,462.89</u>	<u>94,893.31</u>	<u>107,361.89</u>	<u>99,599.52</u>	<u>104,306.65</u>	<u>106,022.10</u>
District-wide										
Net Investment in Capital Assets	9,604,547.10	11,059,562.38	11,430,310.67	11,739,074.45	11,427,217.71	11,151,069.06	15,343,206.76	10,133,866.20	9,998,281.81	10,013,062.61
Restricted	732,455.74	641,303.97	694,501.65	725,231.82	971,459.89	942,808.64	(3,548,849.78)	1,124,869.16	966,751.89	1,116,422.15
Unrestricted	72,270.66	77,729.59	260,925.50	(76,980.40)	(25,086.99)	(2,482,591.69)	(2,525,397.57)	(2,309,212.39)	(2,665,740.90)	(3,034,379.90)
Total district net position	<u>10,409,273.50</u>	<u>11,778,595.94</u>	<u>12,365,737.82</u>	<u>12,387,325.87</u>	<u>12,373,590.61</u>	<u>9,611,286.01</u>	<u>9,268,959.41</u>	<u>8,849,542.97</u>	<u>8,299,292.80</u>	<u>8,095,104.86</u>

* As Restated

Source: CAFR Schedule A-1

**Absecon Board of Education
Changes in Net Position,
Last Ten Fiscal Years**
(accrual basis of accounting)

Exhibit J-2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction:										
Regular	5,405,141.33	5,913,087.52	5,751,853.58	6,182,712.52	6,049,730.18	6,114,169.81	7,294,968.98	7,844,722.07	9,052,296.47	9,036,874.32
Special Education	1,325,164.04	1,380,165.40	1,446,103.41	1,433,681.05	1,457,372.82	1,520,511.76	1,761,624.29	1,633,361.88	1,830,818.11	1,963,471.93
Other Special Education	353,461.96	351,625.16	379,012.88	294,917.22	291,754.40	292,917.49	337,357.92	352,175.85	405,825.92	604,812.78
Support Services:										
Tuition	753,634.96	792,370.00	511,715.65	1,281,326.96	1,612,350.20	1,858,910.31	1,795,883.97	2,121,738.40	2,047,890.57	2,225,990.58
Student & Instruction Related Services	1,447,279.45	1,594,354.26	1,572,427.39	1,507,897.93	1,461,799.92	1,371,959.20	1,614,393.31	1,727,244.59	2,110,549.46	2,216,830.48
School Administrative Services	447,490.65	451,930.90	458,536.12	461,991.19	489,032.72	509,952.05	488,292.21	557,706.44	631,893.86	592,829.75
General Administrative Services	475,321.21	596,569.65	579,662.20	633,369.67	389,640.73	400,362.49	408,597.74	499,559.45	531,195.15	487,141.37
Plant Operations and Maintenance	944,415.90	767,587.02	943,278.15	939,736.74	981,991.45	1,100,138.40	1,093,045.92	1,050,172.80	1,068,498.32	1,339,385.58
Pupil Transportation	416,543.93	409,148.72	407,227.06	504,634.31	492,605.74	544,866.82	520,206.01	587,043.19	625,936.49	616,661.54
Central Services	128,856.76	68,428.81	76,181.13	86,744.97	309,370.86	302,960.29	330,982.60	377,031.74	434,581.03	463,217.49
Special Schools	41,888.42	34,216.32	19,228.02	19,802.84	34,472.17	30,786.37	33,645.29	30,017.86	27,460.11	31,746.17
Charter Schools	329,096.00	292,653.00	419,335.00	437,673.00	337,374.00	388,003.00	360,470.00	393,689.00	377,905.00	436,441.00
Interest on Long-Term Debt	73,711.51	43,866.91	22,853.86	1,810.14	-	13,944.54	144,429.49	135,089.86	129,176.47	123,511.25
Unallocated Depreciation	348,508.31	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	12,490,514.43	12,696,207.67	12,553,414.47	13,786,300.54	13,897,495.19	14,459,482.53	16,183,897.73	17,309,483.23	19,294,026.96	20,140,914.24

**Absecon Board of Education
Changes in Net Position,
Last Ten Fiscal Years**
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-Type Activities:										
Food Service	250,860.45	230,154.76	230,110.36	230,410.56	245,587.32	228,224.49	233,668.86	310,237.81	276,467.94	324,684.34
Child Care	119,638.65	122,859.64	111,797.73	110,882.37	104,056.50	90,226.22	90,216.77	66,682.68	100,796.17	147,014.74
Other	370,499.10	353,014.40	341,908.09	341,292.93	349,643.82	318,450.71	323,885.63	376,920.49	377,264.11	471,699.08
Total Business-Type Activities Expenses	720,998.20	706,028.80	683,816.24	682,585.86	700,287.64	636,901.42	647,771.27	753,840.98	754,528.22	943,398.16
Total District Expenses	12,861,013.53	13,049,222.07	12,925,322.56	14,127,593.47	14,247,139.01	14,777,833.24	16,507,783.36	17,686,403.72	19,671,293.07	20,612,613.32
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	44,905.00	57,747.00	39,313.02	33,278.50	28,909.80	55,599.00	45,080.97	69,900.82	99,168.82	89,982.12
Pupil Transportation	9,270.00									
Operating Grants and Contributions	2,180,161.49	2,417,745.47	2,253,634.74	2,287,279.02	2,443,532.23	2,251,819.14	3,791,484.31	4,733,472.68	6,052,473.33	6,772,807.61
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	2,234,336.49	2,475,492.47	2,292,947.76	2,320,557.52	2,472,442.03	2,307,418.14	3,836,565.28	4,803,373.50	6,151,642.15	6,862,789.73
Business-Type Activities:										
Charges for Services:										
Food Service	145,143.06	121,948.69	107,579.65	107,170.73	101,650.80	75,648.87	67,687.64	82,996.16	82,462.57	80,458.85
Child Care	125,061.11	126,830.61	111,167.84	97,417.30	93,732.50	99,624.84	76,852.57	77,808.90	102,554.31	155,954.49
Operating Grants and Contributions	103,364.46	103,983.22	110,104.96	136,456.87	164,954.40	169,485.65	191,674.59	208,235.00	196,787.24	236,800.75
Capital Grants and Contributions										
Total Business-Type Activities Program Revenue	373,568.63	352,762.52	328,852.45	341,044.90	360,337.70	344,759.36	336,214.80	369,040.06	381,804.12	473,214.09
Total District Program Revenue	2,607,905.12	2,828,254.99	2,621,800.21	2,661,602.42	2,832,779.73	2,652,177.50	4,172,780.08	5,172,413.56	6,533,446.27	7,336,003.82

**Absecon Board of Education
Changes in Net Position,
Last Ten Fiscal Years**
(recrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	2,234,336.49	(10,220,715.20)	(10,290,466.71)	(11,465,743.02)	(11,425,053.16)	(12,152,064.39)	(12,347,332.45)	(12,506,109.73)	(13,142,386.81)	(13,278,124.51)
Business-Type Activities	(12,487,444.90)	(251,888)	(13,065,644)	(248,031)	10,693,888	26,308,665	12,329,177	(7,890,433)	4,540,001	1,515,011
Total District-Wide Net Expense	(10,253,108.41)	(10,220,967.08)	(10,303,522.35)	(11,465,991.05)	(11,414,359.28)	(12,125,755.74)	(12,335,003.28)	(12,513,990.16)	(13,137,846.80)	(13,276,609.50)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property Taxes Levied for General Purposes; Net	8,880,961.96	9,565,974.00	9,519,290.00	9,950,651.00	10,480,379.00	10,866,757.00	10,921,920.00	11,033,884.00	11,254,562.00	11,661,111.00
Taxes levied for debt service	1,134,740.00	601,011.00	676,340.00	647,509.00	-	-	94,718.00	172,082.00	251,167.00	259,380.00
Unrestricted grants and contributions	1,019,077.34	1,408,418.00	686,511.00	851,531.00	890,205.00	971,744.60	965,821.00	965,530.00	987,410.00	1,140,460.26
Investment earnings	13,524.49	3,396.09	8,487.70	12,458.04	5,473.92	3,921.60	10,036.77	5,060.00	3,429.75	3,055.54
Miscellaneous income	36,283.32	11,218.14	20,586.40	4,823.83	24,369.69	32,593.17	8,621.50	22,392.53	13,060.76	15,653.13
Special items	(2,073.33)						(6,580.00)	(4,492.87)	(22,200.00)	(7,438.81)
Transfers										
Total governmental activities	11,082,513.78	11,590,017.23	10,910,225.10	11,466,972.87	11,400,427.61	11,875,016.37	11,892,537.27	12,194,455.66	12,487,429.51	13,072,221.12
Business-type activities:										
Investment earnings	870.17	272.29	439.13	606.23	196.41	121.77	139.41	118.06	167.12	200.44
Miscellaneous										
Transfers										
Total business-type activities	870.17	272.29	439.13	606.23	196.41	121.77	139.41	118.06	167.12	200.44
Total district-wide	11,083,383.95	11,590,289.52	10,910,664.23	11,467,579.10	11,400,624.02	11,875,138.14	11,892,676.68	12,194,573.72	12,487,596.63	13,072,421.56
Changes in Net Position	13,316,850.27	1,369,302.03	619,758.39	1,229.85	(24,625.55)	(277,048.02)	(354,795.18)	(311,654.07)	(654,957.30)	(205,903.39)
Governmental activities	(12,486,574.73)	20,411	(12,616,511)	358,20	10,890,29	26,430,42	12,468,58	(7,762,37)	4,707,13	1,715,45
Business-type activities	830,275.54	1,369,322.44	607,141.88	1,588,05	(13,735,26)	(250,617.60)	(342,326.60)	(319,416.44)	(650,250.17)	(204,187.94)
Total district										

Source: CAFR Schedule A-2

**Absecon Board of Education
Fund Balances, Governmental Funds,
Last Nine Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	\$ -	-	333,732.42	266,625.71	265,679.66	436,019.37	502,441.97	317,317.04	156,095.07	205,960.95
Committed			358,587.59	229,922.11	215,773.04	270,543.94	293,968.32	307,508.49	319,493.96	349,488.82
Assigned			212,293.68	217,803.00	479,126.19	313,132.18	316,454.31	500,043.63	488,162.86	560,972.38
Unassigned			242,743.12	187,077.00	205,732.00	206,238.00	173,207.00	172,342.27	190,960.75	193,171.46
Reserved	757,384.12	674,176.08								
Unreserved	283,987.20	266,395.73								
Total general fund	<u>1,041,371.32</u>	<u>940,571.81</u>	<u>1,147,356.81</u>	<u>901,427.82</u>	<u>1,166,310.89</u>	<u>1,225,933.49</u>	<u>1,286,071.60</u>	<u>1,297,211.43</u>	<u>1,157,712.64</u>	<u>1,309,593.61</u>
All Other Governmental Funds										
Restricted	-	-	10,881.00	10,881.00	10,881.00	5,147,057.69	603,270.01	379,100.31	377,798.15	43,901.45
Assigned										
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	10,881.00	-	-	-	-	-	-	-	-
Debt service fund	93.69	23.69	1.00	-	-	-	8,672.00	9,687.04	2,963.65	1,369.04
Permanent fund										
Total all other governmental funds	<u>93.69</u>	<u>10,904.69</u>	<u>10,882.00</u>	<u>10,881.00</u>	<u>10,881.00</u>	<u>5,147,057.69</u>	<u>611,942.01</u>	<u>388,787.35</u>	<u>380,761.80</u>	<u>45,270.49</u>

* - FY 2011 was the first year of reporting under GASB 54 - Fund Balance Classifications

Source: CAFR Schedule B-1

**Absecon Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 10,015,701.96	10,166,985.00	10,194,630.00	10,598,160.00	10,480,379.00	10,866,757.00	10,921,920.00	11,205,966.00	11,505,729.00	11,920,491.00
Tuition charges	44,905.00	57,747.00	39,313.02	33,278.50	28,909.80	55,599.00	45,080.97	69,900.82	99,168.82	89,982.12
Interest earnings	13,524.49	3,396.09	8,497.70	12,458.04	5,476.32	3,921.60	10,036.77	5,060.00	3,429.75	3,055.54
Transportation Fees from Individuals								150.00	700.00	450.00
Miscellaneous	45,553.32	12,268.14	22,203.40	5,123.83	24,369.69	32,593.17	8,621.50	22,392.53	13,060.76	15,653.13
State sources	2,709,760.55	2,987,242.43	2,145,616.79	2,459,819.09	2,790,395.22	2,705,696.40	2,906,168.74	3,140,674.02	3,445,942.83	3,837,287.65
Federal sources	489,478.28	837,871.04	792,911.95	678,690.93	550,863.61	522,219.74	642,547.57	809,584.66	908,393.50	977,660.22
Total revenue	13,318,923.60	14,065,509.70	13,203,172.86	13,787,530.39	13,880,393.64	14,186,786.91	14,534,375.55	15,253,728.03	15,976,424.66	16,844,579.66
Expenditures										
Instruction:										
Regular instruction	4,133,201.25	4,320,227.26	4,126,607.41	4,215,006.85	4,092,232.61	4,263,679.78	4,464,357.43	4,529,886.53	4,869,726.60	4,775,884.17
Special education instruction	958,831.76	956,353.89	976,142.09	937,327.40	946,000.79	1,019,578.28	1,032,534.44	924,907.91	954,779.21	986,832.35
Other special education instruction	255,745.03	243,991.57	256,388.60	194,817.04	190,126.69	198,147.31	198,841.03	196,539.54	211,630.73	303,822.93
Support Services:										
Tuition	753,634.96	792,370.00	511,715.65	1,281,326.96	1,612,350.20	1,858,910.31	1,795,883.97	2,121,738.40	2,047,890.57	2,225,990.58
Student & instruction related services	1,119,028.19	1,202,908.65	1,184,932.40	1,115,375.15	1,063,957.47	975,662.38	1,025,952.78	1,060,832.60	1,211,800.55	1,283,029.86
School administrative services	328,837.32	310,670.57	308,289.68	305,946.14	317,627.65	329,981.24	328,903.97	327,413.29	343,039.28	344,874.04
General administrative services	472,675.91	512,017.50	487,776.33	519,058.86	501,841.37	520,942.33	540,290.56	555,673.64	574,667.13	621,514.94
Plant operations and maintenance	750,005.44	690,911.07	772,734.62	734,294.81	772,622.00	873,733.42	870,488.85	823,408.20	816,216.94	761,999.95
Pupil transportation	416,543.93	406,766.62	404,633.60	501,754.48	489,657.21	542,047.46	517,414.63	584,111.90	622,917.28	612,366.75
Unallocated employee benefits	2,431,756.12	2,589,625.44	2,757,867.64	3,055,740.07	3,185,446.26	3,061,566.76	3,166,829.24	3,344,006.53	3,641,537.47	3,874,607.98
Special schools	30,240.00	24,539.04	13,468.80	13,907.10	17,643.36	22,524.39	24,301.15	21,067.76	19,096.89	19,796.85
Charter Schools	329,096.00	292,853.00	415,335.00	437,675.00	337,374.00	398,003.00	360,470.00	393,649.00	377,905.00	438,441.00
Capital outlay	193,582.50	1,210,882.60	103,855.23	73,720.02	88,630.96	131,858.56	4,598,367.43	271,207.56	143,336.54	767,716.10
Debt service:										
Principal	1,100,000.00	550,000.00	645,000.00	637,000.00	-	-	-	175,000.00	260,000.00	270,000.00
Interest and other charges	82,524.75	51,381.00	31,663.50	10,510.50	-	-	94,717.64	136,300.00	131,950.00	126,312.50
Total Expenditures	13,355,703.16	14,155,498.21	12,996,410.55	14,033,460.38	13,615,510.57	14,196,635.22	19,009,353.12	15,465,742.86	16,226,494.19	17,413,190.00
Excess (Deficiency) of revenues over (under) expenditures	(36,779.56)	(89,988.51)	206,762.31	(245,929.99)	264,883.07	(9,848.31)	(4,474,977.57)	(212,014.83)	(250,069.53)	(568,610.34)
Other Financing Sources (Uses)										
Bond Proceeds										
Canceled SDA Grant						5,210,000.00	-	-	-	385,000.00
Capital Lease Proceeds						(4,352.40)	-	-	-	581.89
Operating Transfers In						7,690.85	7,493.75	2,175.04	102,545.19	(784.61)
Operating Transfers Out						(7,690.85)	(7,493.75)	(2,175.04)	(784.61)	(581.89)
Total other financing sources (uses)	-	-	-	-	-	5,205,647.60	-	-	102,545.19	385,000.00
Net change in fund balances	(36,779.56)	(89,988.51)	206,762.31	(245,929.99)	264,883.07	5,195,799.29	(4,474,977.57)	(212,014.83)	(147,524.34)	(183,610.34)
Debt service as a percentage of noncapital expenditures	8.98%	4.65%	5.25%	4.64%	0.00%	0.00%	0.66%	2.05%	2.44%	2.38%

Source: CAFR Schedule B-2

Absecon Board of Education
General Fund Other Local Revenue by Source,
Last Ten Fiscal Years
Unaudited

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Miscellaneous</u>	<u>Totals</u>
2009	11,901.16	45,553.32	57,454.48
2010	3,396.09	12,268.14	15,664.23
2011	8,196.89	22,203.40	30,400.29
2012	12,458.04	5,123.83	17,581.87
2013	5,473.32	24,369.69	29,843.01
2014	3,921.60	32,593.17	36,514.77
2015	10,036.77	8,621.50	18,658.27
2016	5,060.00	22,392.53	27,452.53
2017	3,429.75	13,060.76	16,490.51
2018	3,055.54	16,103.13	19,158.67

Source: District Records

Exhibit J-6

Absecon Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
2009	40,726,600	815,482,100	-	-	176,030,200	-	-	1,032,238,900	-	1,626,072	1,033,864,972	0.984	985,102,403
2010	37,483,145	817,257,600	-	-	174,051,200	-	-	1,028,791,945	-	1,648,926	1,030,440,871	0.989	979,041,208
2011	36,332,745	816,324,700	-	-	176,591,200	-	-	1,029,248,645	-	1,380,160	1,030,628,805	1.029	952,522,001
2012	34,987,100	810,551,700	-	-	171,436,200	-	-	1,016,975,000	-	1,353,424	1,018,328,424	1.029	929,980,296
2013	23,149,600	568,982,900	-	-	123,823,800	-	-	715,956,300	-	1,228,960	717,185,260	1.515	784,066,098
2014							Information Not Available	715,166,900	-	815,770	715,982,670	1.539	805,942,346
2015	22,592,800	567,248,500	-	-	123,620,900	-	-	713,462,200	-	863,731	714,325,931	1.593	770,562,305
2016	24,144,400	558,761,200	-	-	119,324,800	-	3,702,500	709,592,700	-	-	709,592,700	1.622	772,029,138
2017	22,460,400	556,961,200	-	-	118,027,300	-	6,852,500	705,932,900	-	-	705,932,900	1.689	745,011,864
2018								704,301,400	-	-	704,301,400	1.729	727,161,002

* Reassessed

Source: County Abstract of Ratables & Municipal Tax Assessor

Exhibit J-7

**Absecon Board of Education
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years**
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Absecon Board of Education			Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	County Other	Municipal Library Tax	Municipal Local Purpose	
2009	0.874	0.110	0.984	0.236	0.005	0.016		0.659	1.900
2010	0.931	0.058	0.989	0.254	0.005	0.017		0.695	1.960
2011	0.963	0.066	1.029	0.284	0.005	0.018	0.030	0.678	2.044
2012	0.963	0.066	1.029	0.284	0.005	0.018	0.030	0.678	2.044
2013	1.515	-	1.515	0.437	0.007	0.022	0.040	1.022	3.043
2014	1.539	-	1.539	0.450	0.006	0.035	0.038	1.024	3.092
2015	1.569	0.024	1.593	0.490	0.002	0.011	0.036	1.027	3.159
2016	1.598	0.024	1.622	0.497	0.002	0.023	0.036	0.996	3.176
2017	1.689	-	1.689	0.527	0.002	0.023	0.035	0.992	3.268
2018	1.692	0.037	1.729	0.512	0.001	0.022	0.034	0.994	3.292

Source: District Records and Municipal Tax Collector

Exhibit J-8

Absecon Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2018				2009			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		
Absecon MP Holding LLC	\$ 15,912,500.00	1	1.54%	19,344,800.00	1	1.87%		
RD Absecon Associates	13,200,000.00	2	1.28%	16,635,900.00	3	1.61%		
Home Depot	9,161,000.00	3	0.89%	12,168,700.00	4	1.18%		
Absecon Nursing Home	9,100,000.00	4	0.88%	7,202,100.00	5	0.70%		
Village Supermarket	5,300,000.00	5	0.51%					
Ratan AC LLC	4,772,100.00	6	0.46%					
Renuka Hospitality LLC	4,630,000.00	7	0.45%	3,593,400.00	9	0.35%		
HP Holding & 405 Hotel Realty LLC	4,500,000.00	8	0.44%					
Absecon Equities	3,620,700.00	9	0.35%					
Mill Road Associates	2,376,100.00	10	0.23%					
Foxmoor at Absecon City				3,219,200.00	10	0.31%		
539 Absecon Blvd LLC				16,896,000.00	2	1.63%		
Taxpayer #1				6,360,100.00	6	0.62%		
RJS Absecon LLC				6,304,500.00	7	0.61%		
				4,438,000.00	8	0.43%		
Totals	\$ 72,572,400.00		7.02%	96,162,700.00		9.30%		
							\$ 1,033,864,972	

Source: District CAFR & Municipal Tax Assessor

**Absecon Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	10,015,702	10,015,702	100%	-
2010	10,166,985	10,166,985	100%	-
2011	10,194,630	10,194,630	100%	-
2012	10,598,160	10,598,160	100%	-
2013	10,480,379	10,480,379	100%	-
2014	10,866,757	10,866,757	100%	-
2015	11,016,638	11,016,638	100%	-
2016	11,205,966	11,205,966	100%	-
2017	11,505,729	11,505,729	100%	-
2018	11,920,491	11,920,491	100%	-

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

Exhibit J-10

Absecon Board of Education
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANs)	Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases			Capital Leases				
2009	1,832,000	-	-	-	1,832,000			1,832,000	2.09%	38,348
2010	1,282,000	-	-	-	1,282,000			1,282,000	2.99%	38,305
2011	637,000	-	-	-	637,000			637,000	6.24%	39,718
2012	-	-	-	-	-			-	0.00%	40,453
2013	-	-	-	-	-			-	0.00%	40,848
2014	5,210,000	-	-	-	5,210,000			5,210,000	0.81%	41,945
2015	5,210,000	-	-	-	5,210,000			5,210,000	0.82%	42,974
2016	5,035,000	-	-	-	5,035,000			5,035,000	0.88%	44,254
2017	4,775,000	-	-	-	4,775,000	67,407		4,842,407	0.91%	44,254
2018	4,505,000	-	-	-	4,505,000	419,309		4,924,309	0.90%	44,254

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

Exhibit J-11

Absecon Board of Education
 Ratios of Net General Bonded Debt Outstanding,
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	1,832,000	-	1,832,000	0.18%	38,348
2010	1,282,000	-	1,282,000	0.12%	38,305
2011	637,000	-	637,000	0.06%	39,718
2012	-	-	-	0.00%	40,453
2013	-	-	-	0.00%	40,848
2014	5,210,000	-	5,210,000	0.73%	41,945
2015	5,210,000	-	5,210,000	0.73%	42,974
2016	5,035,000	-	5,035,000	0.71%	44,254
2017	4,775,000	-	4,775,000	0.68%	44,254
2018	4,505,000	-	4,505,000	0.64%	44,254

**Absecon Board of Education
Direct and Overlapping Governmental Activities Debt,
As of December 31, 2017**

Exhibit J-12

<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			
Local Municipality	\$ 6,073,030	100.00%	\$ 6,073,030
Other Debt			
County of Atlantic	155,902,988	2.35%	3,657,586
Subtotal, Overlapping Debt			9,730,616
City of Absecon School District Direct Debt			<u>\$ 4,505,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 14,235,616</u></u>

Sources: Atlantic County Abstract of Ratables; City of Absecon; County of Atlantic.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

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

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

Absecon Board of Education
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 27,978,919	\$ 29,381,972	\$ 29,201,002	\$ 28,715,270	\$ 27,393,173	\$ 25,933,904	\$ 24,238,422	\$ 23,504,678	\$ 22,933,759	\$ 22,508,118
Total net debt applicable to limit	1,832,000	1,282,000	637,000	-	-	5,210,000	5,210,000	5,035,000	4,775,000	4,505,000
Legal debt margin	\$ 26,146,919	\$ 28,099,972	\$ 28,564,002	\$ 28,715,270	\$ 27,393,173	\$ 20,723,904	\$ 19,028,422	\$ 18,469,678	\$ 18,158,759	\$ 18,003,118
Total net debt applicable to the limit as a percentage of debt limit	6.55%	4.36%	2.18%	0.00%	0.00%	20.09%	21.49%	21.42%	20.82%	20.02%

	2017	2018
Equalized valuation basis	\$ 727,840,911	\$ 750,270,613
Debt limit (3% of average)	22,508,118	22,508,118
Net bonded school debt	4,505,000	4,505,000
Legal debt margin	\$ 18,003,118	\$ 18,003,118

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

**Absecon Board of Education
Demographic and Economic Statistics,
Last Ten Fiscal Years**

Exhibit J-14

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2009	8,573	328,757.40	38,348	13.3%
2010	8,503	325,707.42	38,305	13.6%
2011	8,506	337,841.31	39,718	13.7%
2012	8,499	343,810.05	40,453	14.3%
2013	8,489	346,758.67	40,848	12.3%
2014	8,445	354,225.53	41,945	9.60%
2015	8,372	359,778.33	42,974	8.90%
2016	8,292	366,954.17	44,254	6.50%
2017	8,283	366,555.88	44,254	6.60%
2018	8,283	366,555.88	44,254	Not Available

Source: New Jersey Department of Labor and Workforce Development

**Absecon Board of Education
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

Employer	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
		1	0.00%			0.00%
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
Totals	-		0.00%	-		0.00%

This Information is not available for this district.

Absecon Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

Exhibit J-16

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular instruction	58	63	62	59	60	60	60	60	60	63
Special education instruction	6	6	5	6	6	6	6	6	6	2
Other special education instruction	13	9	7	7	7	7	7	7	7	9
Support Services:										
Student & instruction related services	12	12	9	11	9	9	9	9	9	7
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	6	5	5	5	5	5	5	5	5	5
Business administrative services	3	3	3	3	3	3	3	3	3	4
Plant operations and maintenance	9	9	9	9	9	9	9	9	9	9
Food Service	8	7	7	7	-	-	-	-	0	0
Child Care	9	9	9	9	9	9	9	9	9	9
Total	126	125	117	117	110	110	110	110	110	110

Source: District Personnel Records

**Absecon Board of Education
Operating Statistics,
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2009	833	9,825,002 C	11,795	-2.93%	75	10.9:1	11.2:1	N/A	813 B	776 B	-0.12%	95.45%
2010	815	11,634,483 C	14,275	21.03%	75	12.3:1	11.2:1	N/A	815 B	775 B	0.25%	95.09%
2011	858 A	10,531,923 C	12,275	-14.01%	74	12.5:1	10.5:1	N/A	849 B	810 B	4.16%	95.45%
2012	834 A	9,904,584 D	11,876	-3.25%	74	16.5:1	8.6:1	N/A	824 B	790 B	-2.93%	95.81%
2013	872 A	9,777,085 D	11,212	-5.59%	71	12.9:1	13.3:1	N/A	834 B	795 B	1.21%	95.32%
2014	864 A	10,208,087 D	11,815	5.38%	71	13.2:1	12.2:1	N/A	858 B	820 B	2.91%	95.55%
2015	865 A	11,440,444 D	13,226	11.94%	71	14.1:1	12.3:1	N/A	858 B	815 B	-0.03%	94.99%
2016	858 A	11,458,194 D	13,355	0.97%	73	12.3:1	13.7:1	N/A	852 B	813 B	-0.69%	95.37%
2017	816 A	11,771,642 D	14,426	8.02%	73	12.3:1	13.7:1	N/A	819 B	778 B	-3.89%	94.99%
2018	869 A	11,105,077 D	12,779	-11.42%	74	12.3:1	13.7:1	N/A	867 B	825 B	5.86%	95.16%

Source: A = Calculated based on ASSA - K-8 exclude

B = School Register Summary

C - CAFR Report - Schedule C-1

D - CAFR Report - Schedule C-1 less tuition and charter school expenses

Absecon Board of Education
 School Building Information,
 Last Ten Fiscal Years

Exhibit J-18

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Buildings</u>										
<u>Elementary</u>										
H. Ashton Marsh										
Square Feet	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Capacity (students)	845	845	845	845	845	845	845	845	845	845
Enrollment	468	462	483	479	479	511	488	496	462	462
<u>Middle School</u>										
Emma C. Attales School										
Square Feet	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Capacity (students)	676	676	676	676	676	676	676	676	676	676
Enrollment	365	353	366	355	355	353	368	362	354	354
<u>Other</u>										
Administration										
Square Feet	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360

Number of Buildings at June 30, 2017

- Elementary - 1
- Middle - 1
- Other - 1

Source: District Records, ASSA

Absecon Board of Education
 General Fund
 Schedule of Required Maintenance for School Facilities,
 Last Ten Fiscal Years
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Emma C. Attales School	N/A	\$ 51,797	39,006	41,324	39,856	51,577	72,848	67,082	66,218	63,257	49,195
H. Ashton Marsh School	N/A	58,410	47,673	50,507	48,713	63,038	89,036	81,990	80,933	77,314	60,127
Total School Facilities		110,207	86,679	91,831	88,570	114,615	161,884	149,072	147,151	140,571	109,322
Grand Total		\$ 110,207	86,679	91,831	88,570	114,615	161,884	149,072	147,151	140,571	109,322

Source: District Records

**Absecon Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Exhibit J-20

Company	Type of Coverage	Amount of Coverage	Deductible
NJ School Boards Assn Ins Gp	School Package Policy (1)		
	Property:		
	Blanket Buildings & Contents	\$ 32,074,784	\$ 1,000
	Extra Expense	50,000,000	
	Valuable Papers & Records	10,000,000	
	Construction	25,000,000	
	Pollutant Clean-Up	250,000	
	Earthquake	50,000,000	
	Flood	75,000,000	10,000
	Mold Clean-Up	25,000	
	Environmental	1,000,000	100,000
	Equipment Breakdown	100,000,000	1,000
	Crime:		500
	Employee Dishonesty	100,000	
	Money & Securities	25,000	
	Money Order & Counterfeit Paper	25,000	
Forgery & Alterations	100,000		
Computer Fraud	100,000		
Computer:			
Hardware/Software	500,000	1,000	
Computer Virus	250,000		
General Liability	11,000,000	1,000	
Business Auto	11,000,000	1,000	
NJ School Boards Assn Ins Gp	Worker's Compensation (2)	Statutory/\$2,000,000	N/A
Markel Ins. Co.	Excess over Worker's Compensation (3)	52 Weeks/\$2,500 wk	N/A
Berkley Life & Health	Student Accident Insurance (4)		
	Compulsory Participation (Maximum Limit)	1,000,000	25,000
NJ School Boards Assn Ins Gp	School Boards Legal Liability (2)		
	Coverage A	11,000,000	\$5,000/ claim
	Coverage B (limit \$300,000 / policy period)	100,000	\$5,000/ claim
Selective Ins Co	Surety Bonds:		
	Public Official Bonds: (1)		
	Business Administrator/Board Secretary	200,000	N/A
Beasley	Cyber Liability	1,000,000	N/A

Source: District Records

Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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K-1 INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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 City of Absecon School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Absecon School District's basic financial statements, and have issued our report thereon dated January 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Absecon School Districts basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements prescribed by the Division of Finance, Department of Education, and State of New Jersey.

Purpose of this Report

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

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

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

January 25, 2019



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K-2 INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Absecon School District, County of Atlantic, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018. The City of Absecon 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 major programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Absecon School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB 15-08. Those standards, the Uniform Guidance and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the City of Absecon School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the City of Absecon School District's compliance.

Opinion on Each Major Program

In our opinion, the City of Absecon School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the City of Absecon 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 our audit of compliance, we considered the City of Absecon 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Absecon 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 program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedules of Expenditures of Federal Awards Required by the Uniform Guidance and Expenditures of State Financial Assistance Required by NJ OMB 15-08

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the City of Absecon School District as of and for the year ended June 30, 2017, and have issued our report thereon dated January 25, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

January 25, 2019

CITY OF ABSECON SCHOOL DISTRICT
Schedules of Financial Aids
for the Fiscal Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2017	Carryover/ Amount	Cash Received	Budgetary Expenditures		(NET) - Passed Through to Sub-Recipients	Adjustments	Repayment Years' Balances	Accounts Receivable	Balance at June 30, 2018 Unearned Revenue	Due to Grantor
				From	To					Pass Through	Direct						
U.S. Department of Education																	
Passed-Through State Department of Education:																	
General Fund:																	
Medical Assistance Program (SEMI)	98.778	1705NURMAP	N/A	7/1/2017	6/30/2018	\$ 6,220.26	\$ -	6,220.26	(6,220.26)		(6,220.26)						
Total General Fund																	
U.S. Department of Education																	
Passed-Through State Department of Education:																	
Special Revenue Fund:																	
Special Education Cluster (IDEA):																	
IDEA - Part A, Basic	84.027A	HQ27A170100	IDEA-0010-18	7/1/2017	6/30/2018	267,814.00	(490.00)	265,930.00	(265,336.44)		(265,336.44)				(19,408.44)		
IDEA - Part B, Preschool	84.027A	HQ27A160100	IDEA-0010-17	7/1/2016	6/30/2017	208,747.00		208,747.00									
IDEA - Part B, Preschool	84.173A	H173A170114	IDEA-0010-18	7/1/2017	6/30/2018	8,886.00		5,132.00	(8,696.00)		(8,696.00)				(3,564.00)		
IDEA - Part B, Preschool	84.173A	H173A160114	IDEA-0010-17	7/1/2016	6/30/2017	8,885.00	(1,448.00)	1,448.00									
Total Special Education Cluster (IDEA)							(1,957.00)	272,922.00	(294,032.44)		(294,032.44)				(22,967.44)		
Title I, Part A Cluster:																	
Title I - Part A	84.010A	S010A170030	ESEA-0010-18	7/1/2017	6/30/2018	224,011.00	-	176,631.00	(220,916.09)		(220,916.09)				(44,286.09)		
Title I - Part A	84.010A	S010A170030	ESEA-0010-18	7/1/2017	6/30/2018	36,755.00	-	4,681.00	(20,723.54)		(20,723.54)				(16,042.54)		
Title I - Part A	84.010A	S010A160030	NCLB-0010-17	7/1/2016	6/30/2017	229,984.00	(67,339.00)	67,339.00									
Total Title I, Part A Cluster							(67,339.00)	248,651.00	(241,639.63)		(241,639.63)				(60,327.63)		
No Child Left Behind (NCLB):																	
Title II - Part A	84.367A	S367A160029	NCLB-0010-17	7/1/2016	6/30/2017	35,139.00	(5,922.00)	5,922.00									
Title II - Part A	84.365A	S365A160030	NCLB-0010-17	7/1/2016	6/30/2017	11,839.00	(2,863.00)	2,863.00									
Total No Child Left Behind (NCLB)							(8,785.00)	8,785.00									
Elementary and Secondary Education Act (ESEA):																	
Title II - Part A	84.367A	S367A170029	ESEA-0010-18	7/1/2017	6/30/2018	34,514.00	-	21,740.00	(25,485.00)		(25,485.00)				(3,745.00)		
Title II - Immigrant	84.365A	S365A170030	ESEA-0010-18	7/1/2017	6/30/2018	11,946.00	-	7,409.00	(9,088.65)		(9,088.65)				(1,689.65)		
Title IV	84.424A	S424A170031	ESEA-0010-18	7/1/2017	6/30/2018	10,000.00	-	-	(2,874.00)		(2,874.00)				(2,874.00)		
Total Elementary and Secondary Education Act (ESEA)								29,149.00	(37,427.65)		(37,427.65)				(6,278.65)		
ARRA-Related to the Top:																	
Preschool Development Grants-E-Extension	84.418B	S418B150020	N/A	9/1/2017	8/31/2018	369,460.84	-	283,547.00	(383,465.24)		(383,465.24)				(99,918.24)		
Preschool Development Grants-E-Extension	84.418B	S418B150020	N/A	9/1/2016	8/31/2017	368,972.05	(104,457.00)	394,633.00									
Total ARRA-Related to the Top:							(104,457.00)	388,180.00	(383,465.24)		(383,465.24)				(99,918.24)		
Temporary Emergency Impact Aid for Displaced Students:																	
	84.938C	S938C180005	N/A	7/1/2017	6/30/2018	14,875.00	-	947,697.00	(971,439.96)		(971,439.96)				(28,742.96)		
Total Special Revenue Fund							(182,448.00)	947,697.00	(971,439.96)		(971,439.96)				(28,742.96)		
U.S. Department of Education																	
Passed-through State Department of Education:																	
Enterprise Fund:																	
Child Nutrition Cluster:																	
Food Distribution Program	10.555	171NJ304N1099	N/A	7/1/2017	6/30/2018	22,769.07	-	22,769.07	(22,769.07)		(22,769.07)				-		
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/2017	6/30/2018	172,056.37	-	135,667.24	(172,056.37)		(172,056.37)				(36,389.13)		
National School Lunch Program	10.555	1616NJ304N1099	N/A	7/1/2016	6/30/2017	146,790.32	(10,651.74)	10,651.74									
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/2017	6/30/2018	38,304.86	-	28,659.81	(38,304.66)		(38,304.66)				(9,645.05)		
National School Breakfast Program	10.553	1616NJ304N1099	N/A	7/1/2016	6/30/2017	25,249.62	(12,655.67)	17,593.95									
Total Child Nutrition Cluster:							(12,655.67)	199,331.99	(210,361.03)		(210,361.03)				(46,034.18)		
Total Enterprise Fund							(12,655.67)	199,331.99	(233,130.10)		(233,130.10)				(46,034.18)		
Total Federal Financial Aids						\$	(195,093.67)	1,153,639.85	(1,210,790.32)		(1,210,790.32)				(252,401.14)		

The accompanying Notes to the Schedules of Financial Assistance are an integral part of this schedule.

CITY OF ABSECON SCHOOL DISTRICT
Schedule of Expenses of Special Assistance
for the Fiscal Year ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017		Adjustments Amount	Cash Received	Budgetary Expenditures	Adjustments/Recovery of Prior Years Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Reschedule	MEMO Cumulative Total Expenditures
			From	To	Unearned Revenue (Accts Rec.)	Due to Grantor									
State Department of Education															
State Aid - Public Cluster:															
Special Education Aid	18-495-034-5120-078	\$ 952,393.00	7/1/2017	6/30/2018	\$ -			952,393.00	(952,393.00)					(65,835.42)	952,393.00
Security Aid	18-495-034-5120-084	515,308.00	7/1/2017	6/30/2018				515,308.00	(515,308.00)					(35,821.34)	515,308.00
Under Adequacy Aid	18-495-034-5120-096	77,534.00	7/1/2017	6/30/2018				77,534.00	(77,534.00)					(5,359.64)	77,534.00
Professional Learning Community Aid	18-495-034-5120-101	9,030.00	7/1/2017	6/30/2018				9,030.00	(9,030.00)					(624.21)	9,030.00
Per Pupil Growth Aid	18-495-034-5120-087	9,570.00	7/1/2017	6/30/2018				9,570.00	(9,570.00)					(661.54)	9,570.00
Total State Aid - Public Cluster			7/1/2017	6/30/2018				1,625,830.00	(1,625,830.00)					(112,955.84)	1,625,830.00
Transportation Aid	18-495-034-5120-014	69,426.00	7/1/2017	6/30/2018				69,426.00	(69,426.00)					(4,799.16)	69,426.00
Non Public Transportation Aid	18-495-034-5120-014	17,400.00	7/1/2017	6/30/2018				17,400.00	(17,400.00)						17,400.00
Extracurricular Aid	17-100-034-5120-073	33,894.00	7/1/2016	6/30/2017	(10,798.00)			10,798.00			(25,719.00)				25,719.00
Lead Water Training for School Aid	17-100-034-5120-472	2,082.00	7/1/2016	6/30/2017	(33,894.00)			33,894.00							
On-Behalf TPAF Payments - Pension Contribution	18-495-034-5094-002	789,806.00	7/1/2017	6/30/2018	(2,082.00)			2,082.00							
Post-Retirement Medical	18-495-034-5094-001	510,119.00	7/1/2017	6/30/2018				510,119.00							789,806.00
Long-Term Disability Insurance	18-495-034-5094-003	408,721.98	7/1/2017	6/30/2018				408,721.98							510,119.00
Reimbursed TPAF Social Security Contributions	17-495-034-5094-004	408,721.98	7/1/2017	6/30/2018				398,573.24			(20,148.74)				408,721.98
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	425,331.05	7/1/2016	6/30/2017	(20,807.53)			20,807.53							
Total General Fund:					(67,371.53)			3,451,449.77	(3,447,345.99)		(63,267.74)			(117,155.00)	3,447,345.99
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Nursing	18-100-034-5120-070	42,860.00	7/1/2017	6/30/2018				42,860.00		(2,627.00)			2,129.14		40,550.86
Security Aid	18-100-034-5120-509	33,000.00	7/1/2017	6/30/2018	2,627.00			33,000.00		(479.00)			720.00		32,280.00
Textbook Aid	18-100-034-5120-084	24,103.00	7/1/2017	6/30/2018	479.00			24,103.00		(1,004.00)			608.19		23,484.81
Technology Aid	18-100-034-5120-064	16,280.00	7/1/2017	6/30/2018	1,004.00			16,280.00		(116.00)			154.00		16,126.00
Total Special Revenue Fund			7/1/2017	6/30/2018				78,663.00	(78,663.00)						78,663.00
Handicapped Services:															
Supplemental Instruction	18-100-034-5120-066	23,868.00	7/1/2017	6/30/2018				23,868.00		(747.00)					23,868.00
Examination & Classification	17-100-034-5120-086	36,219.00	7/1/2016	6/30/2017	747.00			36,219.00		(1,805.00)					36,219.00
Speech	18-100-034-5120-086	5,535.00	7/1/2017	6/30/2018	1,805.00			5,535.00							5,535.00
Home Instruction	17-100-034-5120-086	2,275.00	7/1/2016	6/30/2017	(2,275.00)			2,275.00							
Total Special Revenue Fund					(2,275.00)			262,623.00	(258,736.67)	(6,778.00)			3,611.33		256,736.67
Debt Service Fund:															
School Construction Debt Service Aid	18-495-034-5120-075	134,746.00	7/1/2017	6/30/2018				134,746.00							134,746.00
Total Debt Service Fund								134,746.00	(134,746.00)						
State Department of Agriculture:															
Child Nutrition Cluster:															
National School Lunch Program (State Share)	18-100-010-3550-023	3,670.65	7/1/2017	6/30/2018	(21.57)			2,893.79			(776.86)				3,670.65
Total Child Nutrition Cluster			7/1/2016	6/30/2017	(21.57)			3,125.36			(776.86)				3,670.65
Total Enterprise Fund					(21.57)			3,125.36			(776.86)				3,670.65
Total State Financial Assistance					(69,678.10)			3,851,944.13	(3,842,469.30)	(6,778.00)	(64,044.60)		3,611.33	(117,155.00)	3,842,469.30
Less: On-Behalf System Contributions															(1,300,709.00)
Total for State Financial Assistance-Major Program Determination															\$ (2,541,790.30)

The accompanying Notes to the Schedule of Financial Assistance are an integral part of this statement.

CITY OF ABSECON SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2018

K-5

Note 1: General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Absecon School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis 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 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

Note 3: Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 (\$1,541.00) for the general fund. See the Notes to the 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>Federal</u>	<u>State</u>	<u>On-Behalf Payments</u>	<u>Total</u>
General Fund	\$ 6,220.26	3,447,345.98	(1,300,709.00)	2,152,857.24
Special Revenue Fund	971,439.96	256,736.67		1,228,176.63
Debt Service Fund		134,746.00		134,746.00
Food Service Fund	<u>233,130.10</u>	<u>3,670.65</u>		<u>236,800.75</u>
	<u>\$ 1,210,790.32</u>	<u>3,842,499.30</u>	<u>(1,300,709.00)</u>	<u>3,752,580.62</u>

The On-Behalf Pension Contributions made for the district by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

CITY OF ABSECON SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2018
(Continued)

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Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

Note 6: Adjustments

Both favorable and unfavorable differences incurred as a result of final grant payments being rounded by the grantor and are included in the schedule(s) of financial assistance in a column entitled "Adjustments."

**CITY OF ABSECON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2018**

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Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified Opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? _____ Yes X No
- 2) Significant deficiencies identified? _____ Yes X None reported
- Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- 1) Material weakness(es) identified? _____ Yes X No
- 2) Significant deficiencies identified? _____ Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.419B	S419B150020	ARRA-Race to the Top-Preschool Development Grants-Expansion

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

Auditee qualified as low-risk auditee? X Yes _____ No

**CITY OF ABSECON SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDING JUNE 30, 2018
 (CONTINUED)**

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State Awards

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

Auditee qualified as low-risk auditee? X Yes No

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

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 Yes X No

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
	State Aid Public Cluster:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-101	Professional Learning Community Aid

**CITY OF ABSECON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2018
(CONTINUED)**

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Section II – Financial Statement Findings

In accordance with *Government Auditing Standards*, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

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

FEDERAL AWARDS

Our audit disclosed no matters to be reported.

STATE AWARDS

Our audit disclosed no matters to be reported.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.