

**SCHOOL DISTRICT  
OF**

# **AUDUBON**

**Audubon Board of Education  
Audubon, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual  
Financial Report**

**of the**

**Audubon Board of Education**

**Audubon, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

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

# AUDUBON SCHOOL DISTRICT

## INTRODUCTORY SECTION

|                          | <u>Page</u> |
|--------------------------|-------------|
| Letter of Transmittal    | 2           |
| Organizational Chart     | 7           |
| Roster of Officials      | 8           |
| Consultants and Advisors | 9           |

## FINANCIAL SECTION

|   |           |
|---|-----------|
| <b>Independent Auditor's Report</b>   | <b>11</b> |
| <b>K-1 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b> | <b>14</b> |
| <b>Required Supplementary Information - Part I<br/>Management's Discussion and Analysis</b>   | <b>17</b> |
| <b>Basic Financial Statements</b>   |           |
| A. District-wide Financial Statements:  |           |
| A-1 Statement of Net Position   | 26        |
| A-2 Statement of Activities   | 27        |
| B. Fund Financial Statements:   |           |
| Governmental Funds:   |           |
| B-1 Balance Sheet   | 29        |
| B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances   | 30        |
| B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities                                      | 31        |
| Proprietary Funds:  |           |
| B-4 Statement of Net Position   | 32        |
| B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position   | 33        |
| B-6 Statement of Cash Flows   | 34        |
| Fiduciary Funds:  |           |
| B-7 Statement of Fiduciary Net Position   | 35        |
| B-8 Statement of Changes in Fiduciary Net Position  | 36        |
| <b>Notes to the Financial Statements</b>  | <b>37</b> |

**Required Supplementary Information - Part II**

|      |   |     |
|------|---|-----|
| C.   | Budgetary Comparison Schedules  |     |
| C-1  | Budgetary Comparison Schedule - General Fund  | 71  |
| C-1a | Combining Schedule of Revenues, Expenditures and Changes<br>in Fund Balance - Budget and Actual (if applicable) | N/A |
| C-2  | Budgetary Comparison Schedule - Special Revenue Fund  | 77  |

**Notes to the Required Supplementary Information**

|     |                               |    |
|-----|-------------------------------|----|
| C-3 | Budget-to-GAAP Reconciliation | 78 |
|-----|-------------------------------|----|

**Required Supplementary Information - Part III**

|     |   |    |
|-----|---|----|
| L.  | Schedules Related to Accounting and Reporting for Pensions (GASB-68)  |    |
| L-1 | Schedule of the District's Proportionate Share of the Net Pension Liability -<br>Public Employees Retirement System | 80 |
| L-2 | Schedule of the District Contributions - Public Employees Retirement System   | 81 |
| L-3 | Schedule of the District's Proportionate Share of the Net Pension Liability -<br>Teachers' Pension and Annuity Fund | 82 |
| M.  | Schedule Related to Accounting and Reporting for OPEB (GASB-75)   |    |
| M-1 | Schedule of Changes in the District's Total OPEB Liability Share of the Net<br>OPEB Liability and Related Ratios    | 83 |

|  |   |    |
|--|---|----|
|  | <b>Notes to the Required Supplementary Information - Part III</b> | 84 |
|--|---|----|

**Other Supplementary Information**

|     |   |     |
|-----|---|-----|
| D.  | School Level Schedules :  | N/A |
| E.  | Special Revenue Fund:   |     |
| E-1 | Combining Schedule of Revenues and Expenditures<br>Special Revenue Fund - Budgetary Basis     | 87  |
| F.  | Capital Projects Fund:  |     |
| F-1 | Summary Statement of Revenues, Expenditures, and Changes in Fund Balance -<br>Budgetary Basis | 89  |
| G.  | Proprietary Fund:   |     |
|     | Enterprise Fund:  |     |
| G-1 | Combining Statement of Net Position   | 94  |
| G-2 | Combining Statement of Revenues, Expenses and Changes in<br>Fund Net Position                 | 95  |
| G-3 | Combining Statement of Cash Flows   | 96  |
|     | Internal Service Fund:  |     |
| H.  | Fiduciary Funds:  |     |
| H-1 | Combining Statement of Fiduciary Net Position   | 98  |
| H-2 | Combining Statement of Changes in Fiduciary Net Position                                      | 99  |
| H-3 | Student Activity Agency Fund Schedule of Receipts and Disbursements                           | 100 |
| H-4 | Payroll Agency Fund Schedule of Receipts and Disbursements                                    | 101 |



**I. Long-Term Debt:**

|     |   |     |
|-----|---|-----|
| I-1 | Schedule of Serial Bonds                          | 103 |
| I-2 | Schedule of Obligations under Capital Leases      | 104 |
| I-3 | Budgetary Comparison Schedule - Debt Service Fund | 105 |

**STATISTICAL SECTION (Unaudited)**

|      |  |     |
|------|--|-----|
| J-1  | Net Position by Component  | 107 |
| J-2  | Changes in Net Position, Last Ten Fiscal Years                                     | 108 |
| J-3  | Fund Balances, Governmental Funds, Last Ten Fiscal Years                           | 110 |
| J-4  | Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years                | 111 |
| J-5  | General Fund - Other Local Revenue by Source, Last Ten Fiscal Years                | 112 |
| J-6  | Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years         | 113 |
| J-7  | Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years                   | 114 |
| J-8  | Principal Property Tax Payers, Current Year and Nine Years Ago                     | 115 |
| J-9  | Property Tax Levies and Collections, Last Ten Fiscal Years                         | 116 |
| J-10 | Ratios of Outstanding Debt by Type, Last Ten Fiscal Years                          | 117 |
| J-11 | Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years               | 118 |
| J-12 | Ratios of Overlapping Governmental Activities Debt, As of December 31, 2017        | 119 |
| J-13 | Legal Debt Margin Information, Last Ten Fiscal Years                               | 120 |
| J-14 | Demographic and Economic Statistics  | 121 |
| J-15 | Principal Employers, Current Year & Nine Years Ago (information not available)     | N/A |
| J-16 | Full-time Equivalent District Employees by Function/Program, Last Ten Fiscal Years | 122 |
| J-17 | Operating Statistics, Last Ten Fiscal Years  | 123 |
| J-18 | School Building Information, Last Ten Fiscal Years                                 | 124 |
| J-19 | Schedule of Required Maintenance, Last Ten Fiscal Years                            | 125 |
| J-20 | Insurance Schedule   | 126 |

**SINGLE AUDIT SECTION**

|     |   |     |
|-----|---|-----|
| K-2 | Report on Compliance for Each Program and Report on Internal Control<br>Over Compliance Required by the Uniform Guidance and<br>New Jersey Circular 15-08-OMB | 128 |
| K-3 | Schedule of Expenditures of Federal Awards, Schedule A  | 130 |
| K-4 | Schedule of Expenditures of State Financial Assistance, Schedule B  | 131 |
| K-5 | Notes to the Schedules of Awards and Financial Assistance   | 132 |
| K-6 | Schedule of Findings and Questioned Costs   | 134 |
| K-7 | Financial Statement Findings  | 136 |
| K-7 | Federal Awards and State Financial Assistance Findings and Questioned Costs   | 137 |
| K-8 | Summary Schedule of Prior Audit Findings  | 138 |

**Introductory Section**

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

**Andrew P Davis**  
Superintendent of Schools  
856-547-7695

January 31, 2019

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal regulations, cost principles and audit requirements for federal awards (uniform guidance) and State of New Jersey Circular OMB 15-08. 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, is included in the single audit section of this report

## **1. REPORTING ENTITY AND ITS SERVICES:**

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

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

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

The district completed the 2017-2018 school year, with an average daily enrollment of 1,528 students. During the past few years enrollment has increased with our district's participation in the State's Inter-District Public School Choice Program.

### ***Pupil Enrollments***

| SCHOOL YEAR | AVERAGE DAILY ENROLLMENT |
|-------------|--------------------------|
| 2008-2009   | 1,498                    |
| 2009-2010   | 1,482                    |
| 2010-2011   | 1,440                    |
| 2011-2012   | 1402                     |
| 2012-2013   | 1,409                    |
| 2013-2014   | 1,410                    |
| 2014-2015   | 1,411                    |
| 2015-2016   | 1,545                    |
| 2016-2017   | 1,549                    |
| 2017-2018   | 1,528                    |

## **2. ECONOMIC CONDITION AND OUTLOOK:**

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

## **3. A SNAPSHOT OF OUR SCHOOLS**

### **ELEMENTARY SCHOOLS**

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

### **HIGH SCHOOL**

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

### **BUILDINGS & GROUNDS**

The Audubon Board of Education continues to place a great emphasis on proper maintenance of the facilities. The district continues to budget for Capital Projects each year and the Buildings & Grounds Committee meets on a regular basis with the administration to monitor the progress of the projects. During the 2017-2018 school year, the district began planning for a lighting retrofit in all three buildings, which we hope to complete during the 2018-2019 school year.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

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

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

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

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

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

#### **7. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

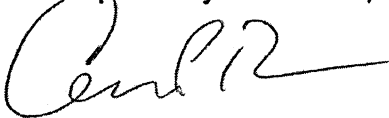
## **8. OTHER INFORMATION:**

a) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso and Stewart, RMA/CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance) and State of New Jersey Circular OMB 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **9. ACKNOWLEDGMENTS:**

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

Respectfully submitted,



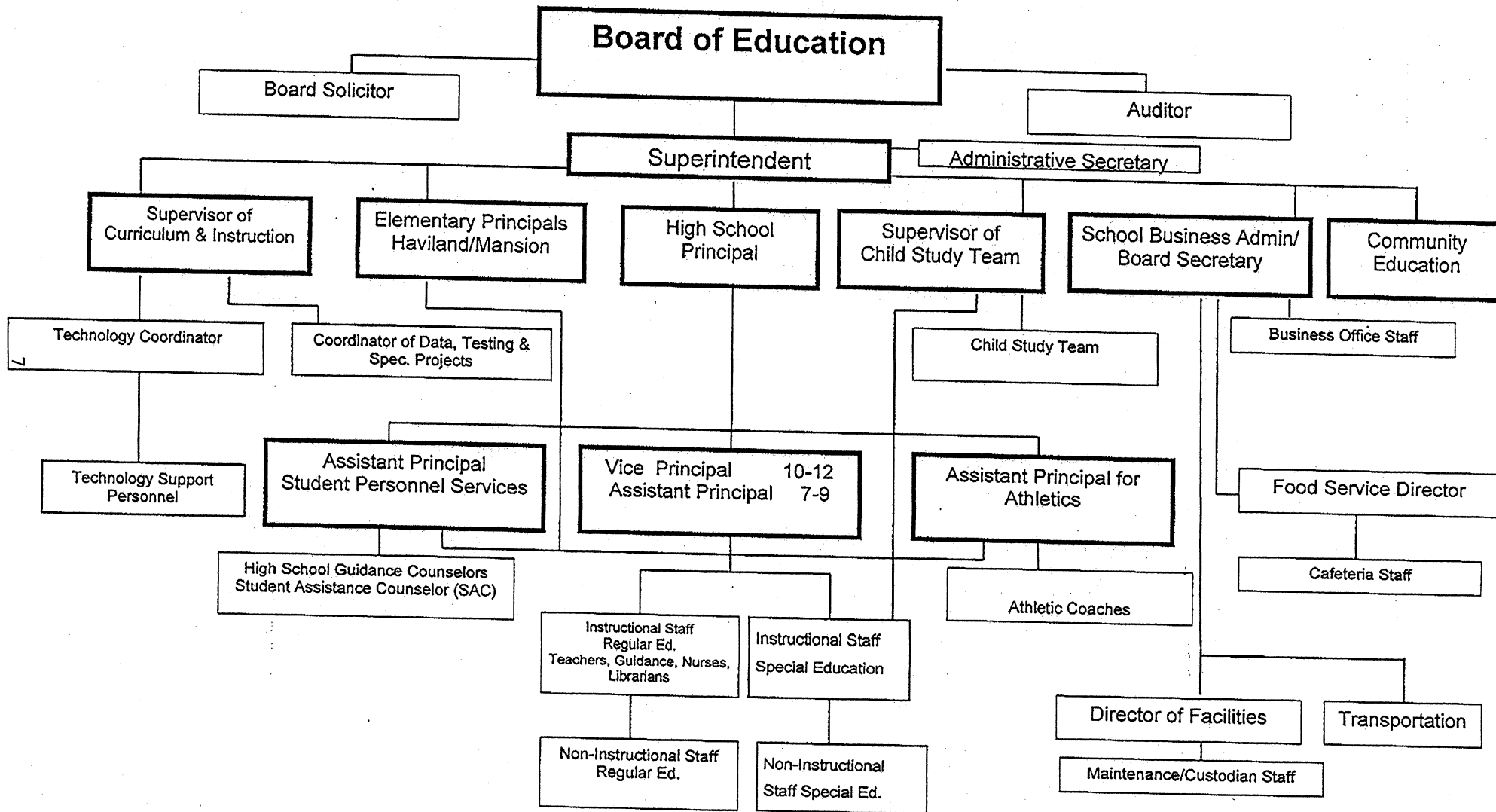
Andrew P Davis  
Superintendent



Robert Delengowski  
Board Secretary

# Audubon Public Schools Board of Education

## ORGANIZATIONAL CHART





**AUDUBON SCHOOL DISTRICT**

**Roster of Officials  
June 30, 2018**

**Members of the Board of Education:**

**Term Expires**

Marianne Brown, President  
Allison Cox, Vice-President  
James Blumenstein  
Pam Chiaradia  
Ammie Davis  
Gina Osinski  
Joseph Ryan  
Everett Simpson  
Jeff Whitman  
Nancy Schiavo

2020  
2018  
2018  
2020  
2019  
2018  
2019  
2019  
2020

Mount Ephraim Representative

**Other Officials:**

Robert H. Goldschmidt, Interim Superintendent  
Robert Delengowski, Business Administrator/Board Secretary  
Mary Lynam, Treasurer  
Frank Cavallo, Esq. Solicitor

**AUDUBON SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

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

**Attorney**

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

**Architect**

Garrison Architects  
713 Creek Road  
Bellmawr, NJ 08031

**Official Depository**

First Colonial Community Bank  
1040 Haddon Avenue  
Collingswood, NJ 08108

**Financial Section**

**INVERSO & STEWART, LLC**  
Certified Public Accountants

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: rinverso@iscpasnj.com

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

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Audubon School District, in the County of Camden, State of New Jersey, as of June 30, 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 management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, schedule of the State's proportionate share of the net OPEB liability associated with the School District and changes in the total OPEB liability and related ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Audubon School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2019 on my consideration of the Audubon School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Audubon School District's internal control over financial reporting and compliance.

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant No. CS001095

Marlton, New Jersey  
January 31, 2019

**INVERSO & STEWART, LLC**  
 Certified Public Accountants

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 Marlton, New Jersey 08053  
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 Fax (856) 983-6674  
 E-Mail: rinverso@iscpasnj.com

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Audubon School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated January 31, 2019.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Audubon School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no: 2018-001.

***The Audubon School District's Response to Findings***

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

***Purpose of this Report***

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

***INVERSO & STEWART, LLC***  
 Certified Public Accountants



Robert P. Inverso  
 Certified Public Accountant  
 Public School Accountant No. CS001095

Marlton, New Jersey  
 January 31, 2019



**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

**Audubon School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

As management of the Board of Education of the Borough of Audubon, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$4,579,702 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$8,490,128. The accounting treatment in the governmental funds for compensated absences payable, net pension liability, accrued interest payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District decreased by \$316,889 or a 6.47% decrease from the prior fiscal year-end balance. The majority of the reason for the decrease was the variance in pension liabilities.
- Fund balance of the School District's governmental funds decreased by \$106,512 resulting in an ending fund balance of a deficit of \$179,322. The main reason for the decrease is results of operations in the general fund.
- Business-type activities have unrestricted net position of \$303,465, which may be used to meet the School District's ongoing obligations of the enterprise-related activities.
- The School District's long-term obligations decreased by \$2,385,166 which is the result of current year payments on existing debt obligations, the acquisition of a capital lease and decrease in net pension liability.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

### **Notes to the Basic Financial Statements**

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

**Other Information**

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

**District-wide Financial Analysis**

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2018. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2018.

The assets of the primary government activities exceeded liabilities by \$4,269,449 with an unrestricted deficit balance of \$8,490,128. The net position of the primary government does not include internal balances.

A net investment of \$12,542,115 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's public school students. Net position of \$292,582 has been restricted as follows:

|   |                   |
|---|-------------------|
| Restricted for Future Budget Appropriations | \$ -              |
| Restricted for Future Capital Projects      | 85,140            |
| Restricted for Capital Reserve              |                   |
| Restricted for Subsequent Year's Budget     | <u>132,322</u>    |
| Total                                       | <u>\$ 217,462</u> |

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

**Audubon School District  
Comparative Summary of Net Position  
As of June 30, 2018 and 2017**

|                                | Governmental Activities |                     | Business-Type Activities |                   | District-Wide       |                     |
|--------------------------------|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|
|                                | 2018                    | 2017                | 2018                     | 2017              | 2018                | 2017                |
| <b>ASSETS</b>                  |                         |                     |                          |                   |                     |                     |
| Current assets                 | \$ 1,079,733            | \$ 1,770,957        | \$ 307,875               | \$ 245,371        | \$ 1,387,608        | \$ 2,016,328        |
| Capital assets                 | 18,748,999              | 19,207,614          | 6,788                    | 9,098             | 18,755,787          | 19,216,712          |
| Total assets                   | <u>19,828,732</u>       | <u>20,978,571</u>   | <u>314,663</u>           | <u>254,469</u>    | <u>20,143,395</u>   | <u>21,233,040</u>   |
| Deferred Outflows of Resources | <u>2,325,644</u>        | <u>3,052,124</u>    |                          |                   | <u>2,325,644</u>    | <u>3,052,124</u>    |
| <b>LIABILITIES</b>             |                         |                     |                          |                   |                     |                     |
| Current liabilities            | 2,798,877               | 3,178,581           | 4,410                    | 3,379             | 2,803,287           | 3,181,960           |
| Noncurrent liabilities         | 13,481,578              | 16,095,488          |                          |                   | 13,481,578          | 16,095,488          |
| Total liabilities              | <u>16,280,455</u>       | <u>19,274,069</u>   | <u>4,410</u>             | <u>3,379</u>      | <u>16,284,865</u>   | <u>19,277,448</u>   |
| Deferred Inflows of Resources  | <u>1,604,472</u>        | <u>111,125</u>      |                          |                   | <u>1,604,472</u>    | <u>111,125</u>      |
| Net Position                   | <u>\$ 4,269,449</u>     | <u>\$ 4,645,501</u> | <u>\$ 310,253</u>        | <u>\$ 251,090</u> | <u>\$ 4,579,702</u> | <u>\$ 4,896,591</u> |
| Net Position Consists of:      |                         |                     |                          |                   |                     |                     |
| Net investment in              |                         |                     |                          |                   |                     |                     |
| Capital Assets                 | \$12,542,115            | \$12,417,712        | \$ 6,788                 | \$ 9,098          | \$12,548,903        | \$12,426,810        |
| Restricted Assets              | 217,462                 | 292,582             |                          |                   | 217,462             | 292,582             |
| Unrestricted Assets            | <u>(8,490,128)</u>      | <u>(8,064,793)</u>  | <u>303,465</u>           | <u>241,992</u>    | <u>(8,186,663)</u>  | <u>(7,822,801)</u>  |
| Net Position                   | <u>\$ 4,269,449</u>     | <u>\$ 4,645,501</u> | <u>\$ 310,253</u>        | <u>\$ 251,090</u> | <u>\$ 4,579,702</u> | <u>\$ 4,896,591</u> |

**Governmental Activities**

Governmental activities decreased the net position of the School District by \$376,052 during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- Net pension differences increased by \$307,698 accounting for the majority of the decrease in net position.

**Business-type Activities**

Business-type activities increased the School District's net position by \$59,163. Key elements of the increase in net position for business-type activities are as follows:

- The Food Service Fund operated at a loss of \$26,947 for this fiscal year before accounting for a transfer from the operating fund of \$25,000. The net position balance at June 30, 2018 for the food service fund was \$8,601.
- The Community Education Program Fund operated at a loss of \$14,116 for this fiscal year. The net position balance at June 30, 2018 for the community education program fund was \$99,755.
- The After School Fund operated at a profit of \$75,226 for this fiscal year. The net position balance at June 30, 2018 for the after school fund was \$201,897.

**Audubon School District**  
**Comparative Schedule of Changes in Net position**  
**As of and for the Fiscal Year Ended June 30, 2018 and 2017**

|  | Governmental Activities |                     | Business-Type Activities |                   | District-Wide       |                     |
|--|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|
|  | 2018                    | 2017                | 2018                     | 2017              | 2018                | 2017                |
| <b>Revenues:</b>                                     |                         |                     |                          |                   |                     |                     |
| Charges for services                                 | \$ 2,875,966            | \$ 2,869,004        | \$ 495,378               | \$ 531,307        | \$ 3,371,344        | \$ 3,400,311        |
| Operating grants and contributions                   | 13,298,972              | 3,626,555           | 174,731                  | 179,310           | 13,473,703          | 3,805,865           |
| Property taxes                                       | 12,550,444              | 12,134,392          |                          |                   | 12,550,444          | 12,134,392          |
| State aid - unrestricted                             | 8,582,551               | 8,502,226           |                          |                   | 8,582,551           | 8,502,226           |
| Other revenues                                       | 338,731                 | 311,420             | 252                      | 196               | 338,983             | 311,616             |
| <b>Total Revenues</b>                                | <b>37,646,664</b>       | <b>27,443,597</b>   | <b>670,361</b>           | <b>710,813</b>    | <b>38,317,025</b>   | <b>28,154,410</b>   |
| <b>Expenses:</b>                                     |                         |                     |                          |                   |                     |                     |
| <b>Governmental Activities:</b>                      |                         |                     |                          |                   |                     |                     |
| Instruction  | 11,318,842              | 11,143,899          |                          |                   | 11,318,842          | 11,143,899          |
| Tuition  | 943,195                 | 982,256             |                          |                   | 943,195             | 982,256             |
| Related services                                     | 2,890,303               | 2,758,572           |                          |                   | 2,890,303           | 2,758,572           |
| Administrative services                              | 1,786,707               | 1,880,477           |                          |                   | 1,786,707           | 1,880,477           |
| Operations and Maintenance                           | 2,039,379               | 1,972,186           |                          |                   | 2,039,379           | 1,972,186           |
| Transportation                                       | 511,212                 | 557,287             |                          |                   | 511,212             | 557,287             |
| Employee benefits                                    | 17,623,729              | 8,150,827           |                          |                   | 17,623,729          | 8,150,827           |
| Interest on debt                                     | 203,717                 | 218,679             |                          |                   | 203,717             | 218,679             |
| Other  | 680,632                 | 666,103             |                          |                   | 680,632             | 666,103             |
| <b>Business-Type Activities:</b>                     |                         |                     |                          |                   |                     |                     |
| Food Service   |                         |                     | 448,327                  | 476,277           | 448,327             | 476,277             |
| Community Education                                  |                         |                     | 84,877                   | 84,452            | 84,877              | 84,452              |
| After School Program                                 |                         |                     | 102,994                  | 116,114           | 102,994             | 116,114             |
| <b>Total Expenses</b>                                | <b>37,997,716</b>       | <b>28,330,286</b>   | <b>636,198</b>           | <b>676,843</b>    | <b>38,633,914</b>   | <b>29,007,129</b>   |
| Increase (Decrease) in Net Position before transfers | (351,052)               | (886,689)           | 34,163                   | 33,970            | (316,889)           | (852,719)           |
| Transfers  | (25,000)                | (22,500)            | 25,000                   | 22,500            |                     |                     |
| <b>Change in Net Position</b>                        | <b>(376,052)</b>        | <b>(909,189)</b>    | <b>59,163</b>            | <b>56,470</b>     | <b>(316,889)</b>    | <b>(852,719)</b>    |
| Net Position, July 1                                 | 4,645,501               | 5,554,690           | 251,090                  | 194,620           | 4,896,591           | 5,749,310           |
| <b>Net Position, June 30</b>                         | <b>\$ 4,269,449</b>     | <b>\$ 4,645,501</b> | <b>\$ 310,253</b>        | <b>\$ 251,090</b> | <b>\$ 4,579,702</b> | <b>\$ 4,896,591</b> |

**Financial Analysis of the Governmental Funds**

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of a deficit of \$179,322, a decrease of \$106,512 in comparison with the prior year. Results of operations in the general fund are the main reason for the decrease.

The unreserved fund balance for the School District at the end of the fiscal year represents the unreserved deficit fund balance for the General Fund of \$396,784. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows, 1) appropriated as a revenue source in the subsequent year's budget \$132,322, 2) reserved for capital projects expenditures \$85,140.

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

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

### General Fund Budgetary Highlights

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$399,385, while total fund balance (budgetary basis) was \$616,847. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$27,395,819. Unreserved fund balance (budgetary basis) represents 1.46% of expenditures while total fund balance (budgetary basis) represents 2.25% of that same amount.

### Capital Assets and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$18,755,787 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the School District's investment in capital assets for the current fiscal year was \$460,925.

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

- Depreciation expense for the current fiscal year was \$724,180.
- Current year additions were \$263,255.

### Capital Assets (net of accumulated depreciation) June 30, 2018 and 2017

|                                    | Governmental Activities |                      | Business-Type Activities |                 | District-Wide        |                      |
|------------------------------------|-------------------------|----------------------|--------------------------|-----------------|----------------------|----------------------|
|                                    | 2018                    | 2017                 | 2018                     | 2017            | 2018                 | 2017                 |
| Land                               | \$ 764,000              | \$ 764,000           | \$ -                     | \$ -            | \$ 764,000           | \$ 764,000           |
| Const. in Progress                 |                         |                      |                          |                 | -                    | -                    |
| Site Improvements                  | 475,935                 | 537,368              |                          |                 | 475,935              | 537,368              |
| Building and Building Improvements | 17,219,051              | 17,551,330           |                          |                 | 17,219,051           | 17,551,330           |
| Equipment                          | 290,013                 | 354,916              | 6,788                    | 9,098           | 296,801              | 364,014              |
| <b>Total</b>                       | <b>\$ 18,748,999</b>    | <b>\$ 19,207,614</b> | <b>\$ 6,788</b>          | <b>\$ 9,098</b> | <b>\$ 18,755,787</b> | <b>\$ 19,216,712</b> |

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

*Long-term debt* – During the fiscal year ended June 30, 2018, the School District had total bonded debt outstanding of \$5,655,000 backed by the full faith and credit of the School District. Additionally, the School District has long-term obligations for capital leases in the amount of \$551,884, compensated absences balance of \$864,545 outstanding at the end of the current fiscal year, and a net pension liability of \$7,574,657.

General Obligation Bonds for the School District decreased by \$740,000, reflecting debt service payments made during the year.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$28,381,647 and the legal debt margin was \$22,726,647.

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

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2018-2019 fiscal year.

- The 2018-2019 budget increased by \$811,013 (3.26%) over the previous year's budget. The general fund budget increased by \$878,841. The tax rate for 2018 increased 3.7 cents from the previous year.
- The Audubon School District has committed itself to strong financial controls. The Business office continually monitors spending requests in relation to the district budget and is committed to review its business practices in order to maximize revenues and generate a budget surplus each year. Additionally, the district is looking to improve its use of technology in the coming years in an effort to meet all future educational challenges.

### **Requests for Information**

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



**Basic Financial Statements**

**District-Wide Financial Statements**

**AUDUBON SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|--|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS:</b>   |                                    |                                     |                     |
| Cash and cash equivalents                                      | \$ 41,961                          | \$ 291,709                          | \$ 333,670          |
| Receivables, net   | 952,632                            | 10,256                              | 962,888             |
| Inventory  |                                    | 5,910                               | 5,910               |
| Restricted assets:   |                                    |                                     |                     |
| Cash and cash equivalents                                      | 85,140                             | -                                   | 85,140              |
| Capital assets, net (Note 5)                                   | 18,748,999                         | 6,788                               | 18,755,787          |
| <b>Total Assets</b>  | <u>19,828,732</u>                  | <u>314,663</u>                      | <u>20,143,395</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                         |                                    |                                     |                     |
| Deferred outflows of resources from pensions                   | <u>2,325,644</u>                   | -                                   | <u>2,325,644</u>    |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS<br/>OF RESOURCES</b>     | <u>22,154,376</u>                  | <u>314,663</u>                      | <u>22,469,039</u>   |
| <b>LIABILITIES:</b>  |                                    |                                     |                     |
| Accounts payable   |                                    |                                     |                     |
| Related to pensions  | 285,618                            | -                                   | 285,618             |
| Other  | 932,850                            | -                                   | 932,850             |
| Unearned revenue   | 1,130                              | 4,410                               | 5,540               |
| State aid anticipation note payable                            |                                    | -                                   | -                   |
| Other liabilities  | 325,075                            | -                                   | 325,075             |
| Accrued interest payable                                       | 89,696                             | -                                   | 89,696              |
| Noncurrent liabilities:  |                                    |                                     |                     |
| Due within one year  | 1,164,508                          | -                                   | 1,164,508           |
| Due beyond one year  | 13,481,578                         | -                                   | 13,481,578          |
| <b>Total Liabilities</b>                                       | <u>16,280,455</u>                  | <u>4,410</u>                        | <u>16,284,865</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                          |                                    |                                     |                     |
| Deferred Inflows of resources from pensions                    | <u>1,604,472</u>                   | -                                   | <u>1,604,472</u>    |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS<br/>OF RESOURCES</b> | <u>17,884,927</u>                  | <u>4,410</u>                        | <u>17,889,337</u>   |
| <b>NET POSITION:</b>   |                                    |                                     |                     |
| Net investment in capital assets                               | 12,542,115                         | 6,788                               | 12,548,903          |
| Restricted for:  |                                    |                                     |                     |
| Capital projects   | 85,140                             | -                                   | 85,140              |
| Other purposes   | 132,322                            | -                                   | 132,322             |
| Unrestricted   | (8,490,128)                        | 303,465                             | (8,186,663)         |
| <b>Total Net Position</b>                                      | <u>\$ 4,269,449</u>                | <u>\$ 310,253</u>                   | <u>\$ 4,579,702</u> |

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

**AUDUBON SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

| Functions/Programs   | Expenses             | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                     |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
|  |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-Type Activities | Total               |
| <b>Governmental Activities:</b>  |                      |                      |                                    |                                  |   |                          |                     |
| Instruction:   |                      |                      |                                    |                                  |   |                          |                     |
| Regular  | \$ 7,567,373         | \$ 1,687,579         | \$ 178,809                         | \$ -                             | \$ (5,700,985)                                    | \$ -                     | \$ (5,700,985)      |
| Special Education  | 2,425,795            | 1,188,387            | 375,016                            | -                                | (862,392)   | -                        | (862,392)           |
| Other instruction  | 1,325,674            | -                    | 6,400                              | -                                | (1,319,274)                                       | -                        | (1,319,274)         |
| Support Services:  |                      |                      |                                    |                                  |   |                          |                     |
| Tuition  | 943,195              | -                    | -                                  | -                                | (943,195)   | -                        | (943,195)           |
| Student & instruction related services                                   | 2,890,303            | -                    | -                                  | -                                | (2,890,303)                                       | -                        | (2,890,303)         |
| General administrative services  | 437,176              | -                    | -                                  | -                                | (437,176)   | -                        | (437,176)           |
| School administrative services   | 833,710              | -                    | -                                  | -                                | (833,710)   | -                        | (833,710)           |
| Central administrative services  | 515,821              | -                    | -                                  | -                                | (515,821)   | -                        | (515,821)           |
| Plant operations and maintenance   | 2,039,379            | -                    | -                                  | -                                | (2,039,379)                                       | -                        | (2,039,379)         |
| Pupil transportation   | 511,212              | -                    | -                                  | -                                | (511,212)   | -                        | (511,212)           |
| Unallocated employee benefits  | 17,623,729           | -                    | 12,738,747                         | -                                | (4,884,982)                                       | -                        | (4,884,982)         |
| Interest on long-term debt   | 203,717              | -                    | -                                  | -                                | (203,717)   | -                        | (203,717)           |
| Unallocated depreciation and amortization                                | 680,632              | -                    | -                                  | -                                | (680,632)   | -                        | (680,632)           |
| Total Governmental Activities  | <u>37,997,716</u>    | <u>2,875,966</u>     | <u>13,298,972</u>                  | <u>-</u>                         | <u>(21,822,778)</u>                               | <u>-</u>                 | <u>(21,822,778)</u> |
| <b>Business-Type Activities:</b>   |                      |                      |                                    |                                  |   |                          |                     |
| Food service   | 448,327              | 246,649              | 174,731                            | -                                | -   | (26,947)                 | (26,947)            |
| Community education program  | 84,877               | 70,509               | -                                  | -                                | -   | (14,368)                 | (14,368)            |
| After school program   | 102,994              | 178,220              | -                                  | -                                | -   | 75,226                   | 75,226              |
| Total Business-Type Activities   | <u>636,198</u>       | <u>495,378</u>       | <u>174,731</u>                     | <u>-</u>                         | <u>-</u>  | <u>33,911</u>            | <u>33,911</u>       |
| <b>Total Primary Government</b>  | <u>\$ 38,633,914</u> | <u>\$ 3,371,344</u>  | <u>\$ 13,473,703</u>               | <u>\$ -</u>                      | <u>(21,822,778)</u>                               | <u>33,911</u>            | <u>(21,788,867)</u> |
| <b>General Revenues:</b>   |                      |                      |                                    |                                  |   |                          |                     |
| Taxes:   |                      |                      |                                    |                                  |   |                          |                     |
| Property taxes, levied for general purposes, net                         | -                    | -                    | -                                  | -                                | 11,599,944  | -                        | 11,599,944          |
| Taxes levied for debt service  | -                    | -                    | -                                  | -                                | 950,500   | -                        | 950,500             |
| Federal and State aid not restricted                                     | -                    | -                    | -                                  | -                                | 8,582,551   | -                        | 8,582,551           |
| Miscellaneous Income   | -                    | -                    | -                                  | -                                | 338,731   | 252                      | 338,983             |
| Special Items:   |                      |                      |                                    |                                  |   |                          |                     |
| Transfer   | -                    | -                    | -                                  | -                                | (25,000)  | 25,000                   | -                   |
| Total general revenues, special items, extraordinary items and transfers | -                    | -                    | -                                  | -                                | <u>21,446,726</u>                                 | <u>25,252</u>            | <u>21,471,978</u>   |
| Change in Net Position   | -                    | -                    | -                                  | -                                | (376,052)   | 59,163                   | (316,889)           |
| Net Position - July 1, 2017  | -                    | -                    | -                                  | -                                | 4,645,501   | 251,090                  | 4,896,591           |
| Net Position - June 30, 2018   | -                    | -                    | -                                  | -                                | <u>\$ 4,269,449</u>                               | <u>\$ 310,253</u>        | <u>\$ 4,579,702</u> |

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

**Fund Financial Statements**

**AUDUBON SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

| <b>ASSETS</b>   | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|---|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <b>Assets:</b>  |                     |                            |                             |                         |                                |
| Cash and cash equivalents                                   | \$ 41,961           | \$ -                       | \$ -                        | \$ -                    | \$ 41,961                      |
| Receivables, net:   |                     |                            |                             |                         |                                |
| District tax levy   | 86,820              |                            |                             |                         | 86,820                         |
| State aid   | 351,530             |                            | 187,200                     |                         | 538,730                        |
| Federal aid   |                     | 224,000                    |                             |                         | 224,000                        |
| Other   | 103,082             |                            |                             |                         | 103,082                        |
| Interfund   | 368,460             |                            |                             |                         | 368,460                        |
| Restricted assets:  |                     |                            |                             |                         |                                |
| Cash and cash equivalents                                   | 85,140              |                            |                             |                         | 85,140                         |
| <b>Total Assets</b>   | <u>1,036,993</u>    | <u>224,000</u>             | <u>187,200</u>              |                         | <u>1,448,193</u>               |
| <br><b>LIABILITIES AND FUND BALANCES</b>                    |                     |                            |                             |                         |                                |
| <b>Liabilities:</b>   |                     |                            |                             |                         |                                |
| Accounts payable  | 891,240             | 41,610                     |                             |                         | 932,850                        |
| Interfund payable   | 325,000             | 181,260                    | 187,200                     |                         | 693,460                        |
| Other liabilities   | 75                  |                            |                             |                         | 75                             |
| Unearned revenue  |                     | 1,130                      |                             |                         | 1,130                          |
| State aid anticipation note payable                         |                     |                            |                             |                         |                                |
| <b>Total Liabilities</b>                                    | <u>1,216,315</u>    | <u>224,000</u>             | <u>187,200</u>              |                         | <u>1,627,515</u>               |
| <b>Fund Balances:</b>                                       |                     |                            |                             |                         |                                |
| Restricted for:   |                     |                            |                             |                         |                                |
| Excess surplus  |                     |                            |                             |                         |                                |
| Excess surplus - designated for<br>subsequent year's budget |                     |                            |                             |                         |                                |
| Capital reserve   | 85,140              |                            |                             |                         | 85,140                         |
| Assigned to:  |                     |                            |                             |                         |                                |
| Subsequent year's budget                                    | 132,322             |                            |                             |                         | 132,322                        |
| Unassigned  | (396,784)           |                            |                             |                         | (396,784)                      |
| <b>Total Fund Balances</b>                                  | <u>(179,322)</u>    |                            |                             |                         | <u>(179,322)</u>               |
| <b>Total Liabilities and Fund Balances</b>                  | <u>\$ 1,036,993</u> | <u>\$ 224,000</u>          | <u>\$ 187,200</u>           | <u>\$ -</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 financial resources and therefore are not reported in the funds. The cost of the assets is \$31,844,863 and the accumulated depreciation is \$13,095,864. 18,748,999

Accounts payable related to the April 1, 2019 required PERS contribution that is not to be liquidated with current financial resources. (285,618)

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

|  |                    |             |
|--|--------------------|-------------|
| Deferred Outflows of Resources from Pensions | 2,325,644          |             |
| Net Pension Liability                        | (7,574,657)        |             |
| Deferred Inflows of Resources from Pensions  | <u>(1,604,472)</u> | (6,853,485) |

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

|                              |                  |             |
|------------------------------|------------------|-------------|
| General Obligation Bonds     | \$ (5,655,000)   |             |
| Capital Lease Payable        | (551,884)        |             |
| Accrued Interest Payable     | (89,696)         |             |
| Compensated Absences Payable | <u>(864,545)</u> | (7,161,125) |

Net position of governmental activities \$ 4,269,449

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

**AUDUBON SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2018**

|  | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <b>REVENUES:</b>   |                     |                            |                             |                         |                                |
| Local sources:   |                     |                            |                             |                         |                                |
| Local tax levy   | \$ 11,599,944       | \$ -                       | \$ -                        | \$ 950,500              | \$ 12,550,444                  |
| Tuition  | 2,875,966           |                            |                             |                         | 2,875,966                      |
| Capital reserve interest                                     | 1,873               |                            |                             |                         | 1,873                          |
| Miscellaneous  | 336,858             |                            |                             |                         | 336,858                        |
| <b>Total local sources</b>                                   | <b>14,814,641</b>   |                            |                             | <b>950,500</b>          | <b>15,765,141</b>              |
| State sources  | 12,077,755          |                            | (63,390)                    |                         | 12,014,365                     |
| Federal sources  | 47,588              | 586,858                    |                             |                         | 634,446                        |
| <b>Total Revenues</b>  | <b>26,939,984</b>   | <b>586,858</b>             | <b>(63,390)</b>             | <b>950,500</b>          | <b>28,413,952</b>              |
| <b>EXPENDITURES:</b>   |                     |                            |                             |                         |                                |
| Current expense:   |                     |                            |                             |                         |                                |
| Regular instruction  | 7,282,412           | 178,809                    |                             |                         | 7,461,221                      |
| Special education instruction                                | 2,050,779           | 375,016                    |                             |                         | 2,425,795                      |
| Other instruction  | 1,319,274           | 6,400                      |                             |                         | 1,325,674                      |
| Support services and undistributed costs:                    |                     |                            |                             |                         |                                |
| Tuition  | 943,195             |                            |                             |                         | 943,195                        |
| Student & instruction related services                       | 2,890,303           |                            |                             |                         | 2,890,303                      |
| General administrative services                              | 415,763             |                            |                             |                         | 415,763                        |
| School administrative services                               | 833,710             |                            |                             |                         | 833,710                        |
| Central administrative services                              | 515,821             |                            |                             |                         | 515,821                        |
| Plant operations and maintenance                             | 1,793,141           |                            |                             |                         | 1,793,141                      |
| Pupil transportation   | 510,932             |                            |                             |                         | 510,932                        |
| Unallocated employee benefits                                | 8,056,687           | 26,633                     |                             |                         | 8,083,320                      |
| Capital outlay   | 726,089             |                            |                             |                         | 726,089                        |
| Debt service:  |                     |                            |                             |                         |                                |
| Principal  |                     |                            |                             | 740,000                 | 740,000                        |
| Interest and other charges                                   |                     |                            |                             | 210,500                 | 210,500                        |
| <b>Total Expenditures</b>                                    | <b>27,338,106</b>   | <b>586,858</b>             |                             | <b>950,500</b>          | <b>28,875,464</b>              |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(398,122)</u>    |                            | <u>(63,390)</u>             |                         | <u>(461,512)</u>               |
| Other Financing Sources (Uses):                              |                     |                            |                             |                         |                                |
| Proceeds of Capital Lease                                    | 380,000             |                            |                             |                         | 380,000                        |
| Transfers in   |                     |                            | 32,713                      |                         | 32,713                         |
| Transfers out  | (57,713)            |                            |                             |                         | (57,713)                       |
| <b>Total other financing sources (uses)</b>                  | <b>322,287</b>      |                            | <b>32,713</b>               |                         | <b>355,000</b>                 |
| Net Change in Fund Balance                                   | (75,835)            |                            | (30,677)                    |                         | (106,512)                      |
| Fund balance - July 1, 2017                                  | (103,487)           |                            | 30,677                      |                         | (72,810)                       |
| <b>Fund Balance - June 30, 2018</b>                          | <b>\$ (179,322)</b> | <b>\$ -</b>                | <b>\$ -</b>                 | <b>\$ -</b>             | <b>\$ (179,322)</b>            |

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

**AUDUBON SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

Total net change in fund balances - governmental funds (from B-2) \$ (106,512)

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

Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

|                        |                |           |
|------------------------|----------------|-----------|
| Depreciation expense   | \$ (721,870)   |           |
| Fixed assets additions | <u>263,255</u> | (458,615) |

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

740,000

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

6,783

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

223,018

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

(380,000)

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

(307,698)

In the statement of activities, certain operating expenses, (e.g. compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

(93,028)

Change in net position of governmental activities

\$ (376,052)

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



**AUDUBON SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

|   | <b>Business-Type Activities</b>  |  |                                     | <b>Total</b>      |
|---|----------------------------------|--|-------------------------------------|-------------------|
|   | <b>Enterprise Funds</b>          |  |                                     |                   |
|   | <b>Food<br/>Service<br/>Fund</b> | <b>Community<br/>Education<br/>Program</b> | <b>After<br/>School<br/>Program</b> |                   |
| <b>ASSETS:</b>  |                                  |  |                                     |                   |
| Current Assets:   |                                  |  |                                     |                   |
| Cash and cash equivalents                                 | \$ -                             | \$ 99,755                                  | \$ 201,897                          | \$ 301,652        |
| Intergovernmental receivables                             |                                  |  |                                     |                   |
| State   | 207                              | -  | -                                   | 207               |
| Federal   | 7,206                            | -  | -                                   | 7,206             |
| Other   | 2,843                            | -  | -                                   | 2,843             |
| Inventories   | 5,910                            | -  | -                                   | 5,910             |
| Total current assets                                      | <u>16,166</u>                    | <u>99,755</u>                              | <u>201,897</u>                      | <u>317,818</u>    |
| Noncurrent assets:  |                                  |  |                                     |                   |
| Machinery and equipment (net of accumulated depreciation) | 6,788                            | -  | -                                   | 6,788             |
| Total noncurrent assets                                   | <u>6,788</u>                     | <u>-</u>                                   | <u>-</u>                            | <u>6,788</u>      |
| Total Assets  | <u>22,954</u>                    | <u>99,755</u>                              | <u>201,897</u>                      | <u>324,606</u>    |
| <b>LIABILITIES:</b>                                       |                                  |  |                                     |                   |
| Current liabilities:                                      |                                  |  |                                     |                   |
| Cash overdraft  | 9,943                            | -  | -                                   | 9,943             |
| Unearned revenue  | 4,410                            | -  | -                                   | 4,410             |
| Total Current Liabilities                                 | <u>14,353</u>                    | <u>-</u>                                   | <u>-</u>                            | <u>14,353</u>     |
| <b>NET POSITION:</b>                                      |                                  |  |                                     |                   |
| Net Investment in capital assets                          | 6,788                            | -  | -                                   | 6,788             |
| Unrestricted  | 1,813                            | 99,755                                     | 201,897                             | 303,465           |
| Total Net Position  | <u>\$ 8,601</u>                  | <u>\$ 99,755</u>                           | <u>\$ 201,897</u>                   | <u>\$ 310,253</u> |

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

**AUDUBON SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

|   | <b>Business-Type Activities</b>  |  |                                     | <b>Totals</b>     |
|---|----------------------------------|--|-------------------------------------|-------------------|
|   | <b>Enterprise Funds</b>          |  |                                     |                   |
|   | <b>Food<br/>Service<br/>Fund</b> | <b>Community<br/>Education<br/>Program</b> | <b>After<br/>School<br/>Program</b> |                   |
| <b>Operating Revenues:</b>                              |                                  |  |                                     |                   |
| Charges for services:                                   |                                  |  |                                     |                   |
| Daily sales:  |                                  |  |                                     |                   |
| Reimbursable programs                                   | \$ 114,700                       | \$ -                                       | \$ -                                | \$ 114,700        |
| Non-reimbursable programs                               | 131,949                          | -  | -                                   | 131,949           |
| Program fees  | -                                | 70,509                                     | 178,220                             | 248,729           |
| <b>Total Operating Revenue</b>                          | <b>246,649</b>                   | <b>70,509</b>                              | <b>178,220</b>                      | <b>495,378</b>    |
| <b>Operating Expenses:</b>                              |                                  |  |                                     |                   |
| Salaries and fringe benefits                            | 249,162                          | 47,352                                     | 100,926                             | 397,440           |
| Management fee  | -                                | -  | -                                   | -                 |
| Supplies and materials                                  | 1,538                            | 37,525                                     | 2,068                               | 41,131            |
| Other costs   | 14,446                           | -  | -                                   | 14,446            |
| Depreciation  | 2,310                            | -  | -                                   | 2,310             |
| Cost of sales - reimbursable programs                   | 84,111                           | -  | -                                   | 84,111            |
| Cost of sales - nonreimbursable programs                | 96,760                           | -  | -                                   | 96,760            |
| <b>Total Operating Expenses</b>                         | <b>448,327</b>                   | <b>84,877</b>                              | <b>102,994</b>                      | <b>636,198</b>    |
| <b>Operating Income (Loss)</b>                          | <b>(201,678)</b>                 | <b>(14,368)</b>                            | <b>75,226</b>                       | <b>(140,820)</b>  |
| <b>Non-Operating Revenues:</b>                          |                                  |  |                                     |                   |
| State sources:  |                                  |  |                                     |                   |
| State school lunch program                              | 3,958                            | -  | -                                   | 3,958             |
| Federal sources:  |                                  |  |                                     |                   |
| National school lunch program                           | 128,541                          | -  | -                                   | 128,541           |
| National school breakfast program                       | 12,684                           | -  | -                                   | 12,684            |
| Food distribution program                               | 29,548                           | -  | -                                   | 29,548            |
| Local sources:  |                                  |  |                                     |                   |
| Interest earned   | -                                | 252  | -                                   | 252               |
| <b>Total Non-Operating Revenues</b>                     | <b>174,731</b>                   | <b>252</b>                                 | <b>-</b>                            | <b>174,983</b>    |
| <b>Income (Loss) before Contributions and Transfers</b> | <b>(26,947)</b>                  | <b>(14,116)</b>                            | <b>75,226</b>                       | <b>34,163</b>     |
| <b>Operating Transfers In</b>                           | <b>25,000</b>                    | <b>-</b>                                   | <b>-</b>                            | <b>25,000</b>     |
| <b>Change in Net Position</b>                           | <b>(1,947)</b>                   | <b>(14,116)</b>                            | <b>75,226</b>                       | <b>59,163</b>     |
| <b>Net Position - July 1, 2017</b>                      | <b>10,548</b>                    | <b>113,871</b>                             | <b>126,671</b>                      | <b>251,090</b>    |
| <b>Net Position - June 30, 2018</b>                     | <b>\$ 8,601</b>                  | <b>\$ 99,755</b>                           | <b>\$ 201,897</b>                   | <b>\$ 310,253</b> |

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

AUDUBON SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2018

|   | Business-Type Activities<br>Enterprise Funds |                                   |                            | Total               |
|---|--|-----------------------------------|----------------------------|---------------------|
|   | Food<br>Service<br>Fund                      | Community<br>Education<br>Program | After<br>School<br>Program |                     |
| <b>Cash Flows from Operating Activities:</b>  |  |                                   |                            |                     |
| Cash receipts from customers  | \$ 244,837                                   | \$ 70,509                         | \$ 178,220                 | \$ 493,566          |
| Cash payments to employees for services   | (249,162)                                    | (47,352)                          | (100,925)                  | (397,439)           |
| Cash payments to suppliers for goods and services   | (166,780)                                    | (37,525)                          | (2,069)                    | (206,374)           |
| Net cash used by operating activities   | (171,105)                                    | (14,368)                          | 75,226                     | (110,247)           |
| <b>Cash Flows from Noncapital Financing Activities:</b>   |  |                                   |                            |                     |
| Cash received from state sources  | 3,915  | -                                 | -                          | 3,915               |
| Cash received from federal sources  | 140,310                                      | -                                 | -                          | 140,310             |
| Operating transfer in   | 25,000                                       | -                                 | -                          | 25,000              |
| Net cash provided by noncapital financing activities  | 169,225                                      | -                                 | -                          | 169,225             |
| <b>Cash Flows used by Noncapital Financing Activities:</b>  |  |                                   |                            |                     |
| Cash advance to General Fund  | -  | -                                 | -                          | -                   |
| <b>Cash Flow Provided by Investing Activities:</b>  |  |                                   |                            |                     |
| Interest on cash equivalents  | -  | 252                               | -                          | 252                 |
| Net increase (decrease) in cash and cash equivalents  | (1,880)                                      | (14,116)                          | 75,226                     | 59,230              |
| Cash and cash equivalents - July 1, 2017  | (8,063)                                      | 113,871                           | 126,671                    | 232,479             |
| Cash and cash equivalents - June 30, 2018   | <u>\$ (9,943)</u>                            | <u>\$ 99,755</u>                  | <u>\$ 201,897</u>          | <u>\$ 291,709</u>   |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b> |  |                                   |                            |                     |
| Operating income (loss)   | \$ (201,678)                                 | \$ (14,368)                       | \$ 75,226                  | \$ (140,820)        |
| Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:     |  |                                   |                            |                     |
| Depreciation  | 2,310  | -                                 | -                          | 2,310               |
| Commodities   | 29,548                                       | -                                 | -                          | 29,548              |
| Change in assets and liabilities:   |  |                                   |                            |                     |
| (Increase) decrease in accounts receivable  | (2,843)                                      | -                                 | -                          | (2,843)             |
| (Increase) decrease in inventory  | 527  | -                                 | -                          | 527                 |
| Increase (decrease) in unearned revenue   | 1,031  | -                                 | -                          | 1,031               |
| Net cash provided by (used for) operating activities  | <u>\$ (171,105)</u>                          | <u>\$ (14,368)</u>                | <u>\$ 75,226</u>           | <u>\$ (110,247)</u> |

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

**AUDUBON SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

|   | Trust Funds                           |                              |  | Agency<br>Funds |
|---|---------------------------------------|------------------------------|--|-----------------|
|   | Unemployment<br>Compensation<br>Trust | Flexible<br>Benefit<br>Trust | Private Purpose<br>Scholarship<br>Fund |                 |
| <b>ASSETS:</b>  |                                       |                              |  |                 |
| Cash and cash equivalents                                   | \$ 73,425                             | \$ 1,462                     | \$ 107,701                             | \$ 2,756        |
| Interfund receivable  | 325,000                               | -                            | -                                      | -               |
| <b>Total Assets</b>   | <u>398,425</u>                        | <u>1,462</u>                 | <u>107,701</u>                         | <u>2,756</u>    |
| <b>LIABILITIES:</b>   |                                       |                              |  |                 |
| Accounts Payable  | 104                                   | 574                          |  | 2,756           |
| Due to student groups                                       | -                                     | -                            |  | -               |
| <b>Total Liabilities</b>                                    | <u>104</u>                            | <u>574</u>                   | <u>-</u>                               | <u>\$ 2,756</u> |
| <b>NET POSITION:</b>  |                                       |                              |  |                 |
| Held in trust for unemployment<br>claims and other purposes | <u>\$ 398,321</u>                     |                              |  |                 |
| Held in trust for claims                                    |                                       | <u>\$ 888</u>                |  |                 |
| Reserved for scholarships                                   |                                       |                              | <u>\$ 107,701</u>                      |                 |

**AUDUBON SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2018**

|                                | <u>Unemployment<br/>Compensation<br/>Trust</u> | <u>Flexible<br/>Benefit<br/>Trust</u> | <u>Private Purpose<br/>Scholarship<br/>Fund</u> |
|--------------------------------|--|---------------------------------------|---|
| <b>ADDITIONS:</b>              |  |                                       |   |
| Contributions                  |  |                                       |   |
| Employee                       | \$ 49,890                                      | \$ 19,950                             | \$ -  |
| Donations                      | -  | -                                     | 24,130  |
| Total Contributions            | <u>49,890</u>                                  | <u>19,950</u>                         | <u>24,130</u>                                   |
| Interest earned on investments | <u>217</u>                                     | <u>21</u>                             | <u>393</u>                                      |
| Total Additions                | <u>50,107</u>                                  | <u>19,971</u>                         | <u>24,523</u>                                   |
| <b>DEDUCTIONS:</b>             |  |                                       |   |
| Claims paid                    | 37,938   | 20,488                                |   |
| Scholarships awarded           | -  | -                                     | 13,725  |
| Total Deductions               | <u>37,938</u>                                  | <u>20,488</u>                         | <u>13,725</u>                                   |
| Change in Net Position         | 12,169   | (517)                                 | 10,798  |
| Net Position - July 1, 2017    | <u>386,152</u>                                 | <u>1,405</u>                          | <u>96,903</u>                                   |
| Net Position - June 30, 2018   | <u>\$ 398,321</u>                              | <u>\$ 888</u>                         | <u>\$ 107,701</u>                               |

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

**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Borough of Audubon School District ("School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 12. In addition, the School District provides educational services for students in grades 9 through 12 received from the Mount Ephraim School District, on a tuition basis. The Audubon School District has an approximate enrollment at June 30, 2018 of 1,529 students.

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

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Basis of Presentation**

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

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

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

**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide Statements (Continued)** - Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

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

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

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

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

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

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

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

**Audubon School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Enterprise Funds** – The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise funds are:

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

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

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

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

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

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

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

**Measurement Focus**

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

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.



**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus (Continued)**

**Fund Financial Statements (Continued)** – This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**Basis of Accounting**

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

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

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

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

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

**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**Encumbrances** - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

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

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

**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash, Cash Equivalents and Investments (Continued)** - N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2018 and 2017 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

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

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

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

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

**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets** - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

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

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

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

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

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

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

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

**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2018.

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

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

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

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

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

**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**Recently Issued Accounting Pronouncements** In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In April 2018, the GASB issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued Accounting Pronouncements (Continued)**

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$2,793,725 as of June 30, 2018, \$303,606 was insured under FDIC and the remaining balance of \$2,490,119 was collateralized under GUDPA.

**3. CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Audubon School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**3. CAPITAL RESERVE ACCOUNT (Continued)**

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

|                              |        |    |         |  |
|------------------------------|--------|----|---------|--|
| Balance July 1, 2017         |        | \$ | 115,980 |  |
| Increased by:                |        |    |         |  |
| Interest Earned              | \$     |    | 1,873   |  |
| Board Resolution             |        |    |         |  |
|                              |        |    | 1,873   |  |
|                              |        |    | 117,853 |  |
| Decreased by:                |        |    |         |  |
| Transfer to Capital Projects | 32,713 |    |         |  |
|                              |        |    | 32,713  |  |
| Balance June 30, 2018        |        | \$ | 85,140  |  |

The June 30, 2018 capital reserve balance does not exceed the LRFPP balance of local support costs of uncompleted projects.

**4. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2018 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds. Accounts receivable at June 30, 2018 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

|                   | General<br>Fund | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Proprietary<br>Fund | Total      |
|-------------------|-----------------|----------------------------|-----------------------------|-------------------------|---------------------|------------|
| Intergovernmental |                 |                            |                             |                         |                     |            |
| District Tax Levy | \$ 86,820       | \$ -                       | \$ -                        | \$ -                    | \$ -                | \$ 86,820  |
| State             | 351,530         |                            | 187,200                     |                         | 207                 | 538,937    |
| Federal           |                 | 224,000                    |                             |                         | 7,206               | 231,206    |
| Other             | 103,082         |                            |                             |                         | 2,843               | 105,925    |
| Total             | \$ 541,432      | \$ 224,000                 | \$ 187,200                  | \$ -                    | \$ 10,256           | \$ 962,888 |



**Audubon School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**5. CAPITAL ASSETS**

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

|  | <u>Balance<br/>June 30, 2017</u> | <u>Additions</u>    | <u>Deletions</u> | <u>Balance<br/>June 30, 2018</u> |
|--|----------------------------------|---------------------|------------------|----------------------------------|
| <b>Governmental Activities:</b>              |                                  |                     |                  |                                  |
| Land   | \$ 764,000                       | \$ -                | \$ -             | \$ 764,000                       |
| Total Capital Assets not being Depreciated   | <u>764,000</u>                   | <u>-</u>            | <u>-</u>         | <u>764,000</u>                   |
| <b>Capital Assets, being Depreciated:</b>    |                                  |                     |                  |                                  |
| Land Improvements                            | 1,554,117                        |                     |                  | 1,554,117                        |
| Building and Improvements                    | 27,531,810                       | 263,255             |                  | 27,795,065                       |
| Equipment                                    | 1,731,681                        |                     |                  | 1,731,681                        |
| Total Historical Cost                        | <u>30,817,608</u>                | <u>263,255</u>      | <u>-</u>         | <u>31,080,863</u>                |
| <b>Less Accumulated Depreciation:</b>        |                                  |                     |                  |                                  |
| Land Improvements                            | (1,016,749)                      | (61,433)            |                  | (1,078,182)                      |
| Building and Improvements                    | (9,980,480)                      | (595,534)           |                  | (10,576,014)                     |
| Equipment                                    | (1,376,765)                      | (64,903)            |                  | (1,441,668)                      |
| Total Accumulated Depreciation               | <u>(12,373,994)</u>              | <u>(721,870)</u>    | <u>-</u>         | <u>(13,095,864)</u>              |
| Total Capital Assets, being depreciated, net | <u>18,443,614</u>                | <u>(458,615)</u>    |                  | <u>17,984,999</u>                |
| Governmental Activities Capital Assets, Net  | <u>\$ 19,207,614</u>             | <u>\$ (458,615)</u> | <u>\$ -</u>      | <u>\$ 18,748,999</u>             |
| <b>Business-Type Activities:</b>             |                                  |                     |                  |                                  |
| Equipment                                    | \$ 195,636                       | \$ -                | \$ -             | \$ 195,636                       |
| Less - Accumulated Depreciation              | <u>(186,538)</u>                 | <u>(2,310)</u>      |                  | <u>(188,848)</u>                 |
| Business-Type Activities Capital Assets, Net | <u>\$ 9,098</u>                  | <u>\$ (2,310)</u>   | <u>\$ -</u>      | <u>\$ 6,788</u>                  |

Depreciation expense in the amount of \$721,870 was charged to governmental functions as follows:

| <u>Function</u>                  | <u>Amount</u>     |
|----------------------------------|-------------------|
| Regular Instruction              | \$ 13,124         |
| General Administration           | 21,413            |
| Plant Operations and Maintenance | 6,421             |
| Transportation                   | 280               |
| Unallocated                      | <u>680,632</u>    |
| Total depreciation expense       | <u>\$ 721,870</u> |

**Audubon School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**6. INVENTORY**

Inventory in the food service fund at June 30, 2018 consisted of the following:

|          |    |       |
|----------|----|-------|
| Food     | \$ | 5,097 |
| Supplies |    | 813   |
|          | \$ | 5,910 |

**7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations:

|                                     | Principal<br>Outstanding<br>June 30, 2017 | Additions  | Reductions   | Principal<br>Outstanding<br>June 30, 2018 | Due Within<br>One Year |
|-------------------------------------|---|------------|--------------|---|------------------------|
| <b>Governmental Activities:</b>     |   |            |              |   |                        |
| Compensated Absences                | \$ 771,517                                | \$ 192,364 | \$ 99,336    | \$ 864,545                                | \$ 106,987             |
| Obligations under Capital<br>Leases | 394,902                                   | 380,000    | 223,018      | 551,884                                   | 282,521                |
| General Obligation Bonds            | 6,395,000                                 |            | 740,000      | 5,655,000                                 | 775,000                |
| Net Pension Liability               | 9,469,833                                 |            | 1,895,176    | 7,574,657                                 |                        |
|                                     | \$ 17,031,252                             | \$ 572,364 | \$ 2,957,530 | \$ 14,646,086                             | \$ 1,164,508           |

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

2012 Refunding dated January 15, 2012 in the amount of \$5,655,000 due in annual installments through January 15, 2025, bearing interest rate of 2.00% to 4.00%.

As of June 30, 2018, principal and interest due on bonds outstanding is as follows:

| Fiscal Year<br>Ending June 30, | Principal    | Interest   | Total        |
|--------------------------------|--------------|------------|--------------|
| 2019                           | \$ 775,000   | \$ 195,700 | \$ 970,700   |
| 2020                           | 730,000      | 180,200    | 910,200      |
| 2021                           | 770,000      | 158,300    | 928,300      |
| 2022                           | 785,000      | 135,200    | 920,200      |
| 2023                           | 815,000      | 103,800    | 918,800      |
| 2024-2025                      | 1,780,000    | 107,200    | 1,887,200    |
|                                | \$ 5,655,000 | \$ 880,400 | \$ 6,535,400 |

As of June 30, 2018, the School District had no authorizations to issue additional bonded debt.

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

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**7. LONG-TERM OBLIGATIONS (Continued)**

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

| <u>Equipment</u>              | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Total Value</u> |
|-------------------------------|----------------------|----------------------|--------------------|
| Facilities Lease - Ground Use | July 1, 2018         | 1.480%               | \$ 500,000         |
| Dell Chromebooks              | August 1, 2018       | 1.990%               | 176,587            |
| Dell Chromebooks/IT Equipment | January 18, 2019     | 2.450%               | 80,000             |
| Dell Chromebooks/HVAC         | August 1, 2022       | 2.290%               | 380,000            |

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2018:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|--|-------------------|------------------|-------------------|
| 2019                                   | \$ 282,521        | \$ 11,511        | \$ 294,032        |
| 2020                                   | 85,293            | 6,168            | 91,461            |
| 2021                                   | 59,973            | 4,215            | 64,188            |
| 2022                                   | 61,346            | 2,842            | 64,188            |
| 2023                                   | 62,751            | 1,437            | 64,188            |
|  | <u>\$ 551,884</u> | <u>\$ 26,173</u> | <u>\$ 578,057</u> |

**8. OPERATING LEASES**

At June 30, 2018, the School District had operating lease agreements in effect for copy machines. Rental payments for such leases were \$54,696 for the fiscal year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Amount</u>    |
|--|------------------|
| 2019                                   | \$ 25,906        |
| 2020                                   | 23,748           |
|  | <u>\$ 49,654</u> |

**9. PENSION PLANS**

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

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Teachers' Pension and Annuity Fund (TPAF)**

*Plan Description* - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement, death and disability, and medical benefits to qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

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

The following represents the membership tiers for TPAF:

| Tier | Definition   |
|------|--|
| 1    | Members who were enrolled prior to July 1, 2007  |
| 2    | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3    | Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010 |
| 4    | Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011    |
| 5    | Members who were eligible to enroll on or after June 28, 2011                              |

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was \$1,205,797 and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$838,367.

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to 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 additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2018, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2018, the School District recognized pension expense of \$5,015,528 and revenue of \$5,015,528 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

|   | 06/30/17          | 06/30/16          |
|---|-------------------|-------------------|
| Collective deferred outflows of resources   | \$ 14,160,879,257 | \$ 17,414,701,002 |
| Collective deferred inflows of resources  | 11,800,239,661    | 134,532,594       |
| Collective net pension liability (Non-Employer – State of New Jersey)   | 67,423,605,859    | 79,028,907,033    |
| State's portion of the net pension liability that was associated with the School District   | 72,400,324        | 83,800,846        |
| State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability | .1073812693%      | .1065269046%      |

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

- Inflation: 2.25%
- Salary Increases: Varies based on experience
- Investment Rate of Return: 7.00%

Pre-retirement, post-retirement and disabled 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.

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.

**Audubon Shade School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

*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<br/>Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Absolute return/risk mitigation   | 05.00%                   | 05.51%  |
| Cash Equivalents                  | 05.50%                   | 01.00%  |
| U.S. Treasuries                   | 03.00%                   | 01.87%  |
| Investment grade credit           | 10.00%                   | 03.78%  |
| Public high yield                 | 02.50%                   | 06.82%  |
| Global diversified credit         | 05.00%                   | 07.10%  |
| Credit oriented hedge funds       | 01.00%                   | 06.60%  |
| Debt related private equity       | 02.00%                   | 10.63%  |
| Debt related real estate          | 01.00%                   | 06.61%  |
| Private real asset                | 02.50%                   | 11.83%  |
| Equity related real estate        | 06.25%                   | 09.23%  |
| U.S. Equity                       | 30.00%                   | 08.19%  |
| Non-U.S. developed markets equity | 11.50%                   | 09.00%  |
| Emerging markets equity           | 06.50%                   | 11.64%  |
| Buyouts/venture capital           | 08.25%                   | 13.08%  |
|                                   | <u>100.00%</u>           |   |

*Discount rate.* The discount rate used to measure the State's 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 (State of New Jersey) 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.

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

*Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate.* As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2017, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.25%, as well as what the School 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%) that the current rate:

|  | <b>1% Decrease<br/>(3.25%)</b> | <b>Current<br/>Discount Rate<br/>(4.25%)</b> | <b>1% Increase<br/>(5.25%)</b> |
|--|--------------------------------|--|--------------------------------|
| District's proportionate share of the net pension liability                                  | \$ -                           | \$ -   | \$ -                           |
| State's proportionate share of the net pension liability associated with the School District | 86,013,856                     | 72,400,324                                   | 61,185,437                     |
|  | \$ 86,013,856                  | \$ 72,400,324                                | \$ 61,185,437                  |

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

**Public Employees' Retirement System (PERS)**

*Plan Description* - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS designated purpose is to provide retirement, death and disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

*Vesting and Benefit Provisions* - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS

The following represents the membership tiers for PERS:

| Tier | Definition   |
|------|--|
| 1    | Members who were enrolled prior to July 1, 2007  |
| 2    | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3    | Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010 |
| 4    | Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011    |
| 5    | Members who were eligible to enroll on or after June 28, 2011                              |

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 13.50% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$301,443 and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$148,630.

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

| <u>Fiscal Year</u> | <u>Normal Contributions</u> | <u>Adjustment</u> | <u>Accrued Liability</u> | <u>Non Contributory Life</u> | <u>Longterm Disability</u> | <u>Total Liability Paid by District</u> |
|--------------------|-----------------------------|-------------------|--------------------------|------------------------------|----------------------------|---|
| 2018               | \$ 39,676                   | \$ -              | \$ 247,074               | \$ 14,693                    | \$ 1,128                   | \$ 302,571                              |
| 2017               | 44,432                      | -                 | 226,119                  | 13,503                       | -                          | 284,054                                 |
| 2016               | 47,186                      | -                 | 217,378                  | 14,164                       | -                          | 278,728                                 |

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

At June 30, 2018, the School District reported a liability of \$7,574,657 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 July 1, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2018, the School District recognized pension expense of \$609,753. At June 30, 2018, the School District reported a liability of \$7,574,657 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                               | \$ 178,357                           | \$ -                                |
| Changes of assumptions   | 1,526,032                            | 1,520,438                           |
| Net Difference between projected and actual earnings on pension plan investments | 51,578                               |                                     |
| Changes in proportion  | 284,059                              | 84,034                              |
| District contributions subsequent to the measurement date                        | 285,618                              |                                     |
| <b>Total</b>   | <b>\$ 2,325,644</b>                  | <b>\$ 1,604,472</b>                 |

\$285,618 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net 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:

| For the year<br>ended: | Net Deferred<br>Outflows/(Inflows) of<br>Resources |
|------------------------|--|
| 2019                   | \$ 156,445   |
| 2020                   | 256,552  |
| 2021                   | 137,884  |
| 2022                   | (133,452)  |
| 2023                   | 18,125   |
| <b>Total</b>           | <b>\$ 435,554</b>                                  |

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Differences between expected and actual experience                                  |   |  |
| Year of Pension Plan Deferral:  |   |  |
| June 30, 2014   | -   | -  |
| June 30, 2015   | 5.72  | -  |
| June 30, 2016   | 5.57  | -  |
| June 30, 2017   | 5.48  | -  |
| Changes of assumptions  |   |  |
| Year of Pension Plan Deferral:  |   |  |
| June 30, 2014   | 6.44  | -  |
| June 30, 2015   | 5.72  | -  |
| June 30, 2016   | 5.57  | -  |
| June 30, 2017   | -   | 5.48   |
| Net Difference between projected and actual earnings<br>on pension plan investments |   |  |
| Year of Pension Plan Deferral:  |   |  |
| June 30, 2014   | -   | 5.00   |
| June 30, 2015   | -   | 5.00   |
| June 30, 2016   | 5.00  | -  |
| June 30, 2017   | 5.00  | -  |
| Changes in proportion   |   |  |
| Year of Pension Plan Deferral:  |   |  |
| June 30, 2014   | 6.44  | 6.44   |
| June 30, 2015   | 5.72  | 5.72   |
| June 30, 2016   | 5.57  | 5.57   |

**Additional Information**

Collective balances at June 30, 2017 and 2016 are as follows:

|   | <u>6/30/2017</u>  | <u>6/30/2016</u>  |
|---|-------------------|-------------------|
| Collective deferred outflows of resources | \$ 6,424,455,842  | \$ 8,685,338,380  |
| Collective deferred inflows of resources  | \$ 5,700,625,981  | \$ 870,133,595    |
| Collective net pension liability          | \$ 23,278,401,588 | \$ 29,617,131,759 |
| School District's Proportion              | .0325394227%      | .0319741746%      |

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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

Inflation rate: 2.25%  
Salary Increases:  
    Through 2025: 1.65-4.15% based on age  
    Thereafter: 2.65-5.15% based on age  
Investment Rate of Return: 7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. 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 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (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.

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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:

| <u>Asset Class</u>                | <u>Target Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Absolute return/risk mitigation   | 05.00%                   | 05.51%  |
| Cash equivalents                  | 05.50%                   | 01.00%  |
| U.S. Treasuries                   | 03.00%                   | 01.87%  |
| Investment grade credit           | 10.00%                   | 03.78%  |
| Public high yield                 | 02.50%                   | 06.82%  |
| Global diversified credit         | 05.00%                   | 07.10%  |
| Credit oriented hedge funds       | 01.00%                   | 06.60%  |
| Debt related private equity       | 02.00%                   | 10.63%  |
| Debt related real estate          | 01.00%                   | 06.61%  |
| Private real assets               | 02.50%                   | 11.83%  |
| Equity related real estate        | 06.25%                   | 09.23%  |
| U.S. Equity                       | 30.00%                   | 08.19%  |
| Non-U.S. developed markets equity | 11.50%                   | 09.00%  |
| Emerging markets equity           | 06.50%                   | 11.64%  |
| Buyouts/venture capital           | 08.25%                   | 13.08%  |
|                                   | 100.00%                  |   |

*Discount rate.* The discount rate used to measure the State's 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 their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. 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 School District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate of 5.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

|  | <u>1% Decrease<br/>(4.00%)</u> | <u>Current<br/>Discount Rate<br/>(5.00%)</u> | <u>1% Increase<br/>(6.00%)</u> |
|--|--------------------------------|--|--------------------------------|
| School District's proportionate share of the net pension liability | \$ 9,396,876                   | \$ 7,574,657                                 | \$ 6,056,523                   |

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

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**9. PENSION PLANS (Continued)**

**Defined Contribution Retirement Program (DCRP)**

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

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

| <u>Fiscal<br/>Year</u> | <u>Total<br/>Liability</u> | <u>Paid by<br/>School<br/>District</u> |
|------------------------|----------------------------|--|
| 2018                   | \$ 20,209                  | \$ 20,209                              |
| 2017                   | 22,656                     | 22,656                                 |
| 2016                   | 21,886                     | 21,886                                 |

**10. POST-RETIREMENT BENEFITS**

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service (GASB Cod. Sec. 2300.106(g)). The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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, 2017, 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.

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**10. POST-RETIREMENT BENEFITS (Continued)**

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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA 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 school district. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

*Actuarial assumptions and other imputes* - The total nonemployer OPEB liability as of the June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

|                                  |  |                              |                              |
|----------------------------------|--|------------------------------|------------------------------|
| Inflation                        | 2.50%  |                              |                              |
|                                  | TPAF/ABP                                     | PERS                         | PFRS                         |
| Salary Increases<br>Through 2026 | 1.55 - 4.55%<br>based on years<br>of service | 2.15 - 4.15%<br>based on age | 2.10 - 8.98%<br>based on age |
| Thereafter                       | 2.00 - 5.45%<br>based on years<br>of service | 3.15 - 5.15%<br>based on age | 3.10 - 9.98%<br>based on age |

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

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

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

*Discount Rate* - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represent the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Retirees' Share of Benefit Related Costs* - Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit.

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**10. POST-RETIREMENT BENEFITS (Continued)**

The percentage of the premium for which the retirees will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

*Changes in the Total OPEB Liability reported by the State of New Jersey -*

|  | <u>Total OPEB<br/>Liability</u> |
|--|---------------------------------|
| Balance as of June 30, 2106 Measurement Date       | \$ 57,831,784,184               |
| Changes for the years'                             |                                 |
| Service Cost                                       | \$ 2,391,878,884                |
| Interest   | 1,699,441,736                   |
| Changes of benefit terms                           | -                               |
| Differences between expected and actual experience | -                               |
| Changes in assumptions                             | (7,086,599,129)                 |
| Gross Benefit Payments                             | (1,242,412,566)                 |
| Contributions from the Non-employer                | N/A                             |
| Contributions from the Member                      | 45,748,749                      |
| Net Investment Income                              | N/A                             |
| Administrative Expense                             | N/A                             |
| Net Changes  | <u>\$ (4,191,942,326)</u>       |
| Balance at 06/30/2017                              | \$ 53,639,841,858               |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

*Sensitivity of the total OPEB liability to changes in the discount rate* - The following presents the total nonemployer OPEB liability of the State as of June 30, 2017 for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1percentage-point higher than the current discount rate:

|  | <u>1% Decrease<br/>(2.58%)</u> | <u>Current<br/>Discount Rate<br/>(3.58%)</u> | <u>1% Increase<br/>(4.58%)</u> |
|--|--------------------------------|--|--------------------------------|
| Total OPEB Liability (School Retirees) | \$ 63,674,362,200              | \$ 53,639,841,858                            | \$ 45,680,364,953              |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* - The following presents the total nonemployer OPEB liability of the State as of June 30, 2107, 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<br/>Cost Trend<br/>Rates</u> | <u>1% Increase</u> |
|--|--------------------|--|--------------------|
| Total OPEB Liability (School Retirees) | \$ 44,113,584,560  | \$ 53,639,841,858                          | \$ 66,290,599,457  |

**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**10. POST-RETIREMENT BENEFITS (Continued)**

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* For the year ended June 30, 2017, the board of education recognized OPEB expense of \$3,607,431 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the school district'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 employee's OPEB from the following sources:

|   | <u>06/30/17</u> |
|---|-----------------|
| Collective deferred outflows of resources   | \$ 99,843,255   |
| Collective deferred inflows of resources  | 6,443,612,287   |
| Collective net OPEB liability (Non-Employer – State of New Jersey)  | 53,639,841,858  |
| State's portion of the net OPEB liability that was associated with the School District  | 63,286,990      |
| State's portion of the net OPEB liability that was associated with the School District as a percentage of the collective net OPEB liability | 0.12%           |

|                        | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------|--------------------------------------|-------------------------------------|
| Changes in proportion  | \$ 99,843,255                        | \$ 99,843,255                       |
| Changes of assumptions | -                                    | 6,343,769,032                       |
| Total                  | \$ 99,843,255                        | \$ 6,443,612,287                    |

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

| For the year<br>ended: |                    |
|------------------------|--------------------|
| 2018                   | \$ (742,830,097)   |
| 2019                   | (742,830,097)      |
| 2020                   | (742,830,097)      |
| 2021                   | (742,830,097)      |
| 2022                   | (742,830,097)      |
| Therafter              | (2,629,618,547)    |
| Total                  | \$ (6,343,769,032) |

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



**Audubon Shade School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long-term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long-term disability insurance were \$1,621,242, \$1,047,126, and \$3,060, respectively. In addition, \$807,974 on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**12. RISK MANAGEMENT**

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

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

The District provides employer health insurance through the New Jersey Health Benefits Program. Effective July 1, 2015 the District passed a resolution to participate in a 60 day premium delay option. As of June 30, 2017, the District has delayed one month's premium. If the District elects to terminate participation in the Health Benefits Program, the premium will become immediately due at the premium rates effective as of that date.

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

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

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

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

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

| <u>Fiscal<br/>Year</u> | <u>Interest<br/>Earned</u> | <u>Employee<br/>Contributions</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|------------------------|----------------------------|-----------------------------------|------------------------------|---------------------------|
| 2018                   | \$ 217                     | \$ 51,856                         | \$ 39,904                    | \$ 398,321                |
| 2017                   | 399                        | 25,934                            | 58,881                       | 386,152                   |
| 2016                   | 77                         | 25,757                            | 5,506                        | 418,700                   |

**Audubon School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**13. DEFERRED COMPENSATION**

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

**14. COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2018, the liability for compensated absences in the governmental activities was \$864,545.

**15. INTERFUND BALANCES AND TRANSFERS**

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2019. The following interfund balances were recorded on the various balance sheets as of June 30, 2018:

| Fund             | Interfunds<br>Receivable | Interfunds<br>Payable |
|------------------|--------------------------|-----------------------|
| General Fund     | \$ 368,460               | \$ 325,000            |
| Special Revenue  |                          | 181,260               |
| Capital Projects |                          | 187,200               |
| Debt Service     |                          |                       |
| Trust            | 325,000                  |                       |
|                  | \$ 693,460               | \$ 693,460            |

**16. CONTINGENCIES**

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

At June 30, 2017, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

**Audubon School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**17. FLEXIBLE BENEFITS PROGRAM**

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

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

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

| <u>Fiscal<br/>Year</u> | <u>Interest</u> | <u>Employee<br/>Contributions</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|------------------------|-----------------|-----------------------------------|------------------------------|---------------------------|
| 2018                   | \$ 21           | \$ 19,950                         | \$ 20,488                    | \$ 888                    |
| 2017                   | 16              | 21,550                            | 21,658                       | 1,405                     |
| 2016                   | 4               | 11,750                            | 11,991                       | 1,497                     |

**18. TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

As of December 31, 2017, the Borough of Audubon had no tax abatements.

**19. DEFICIT UNASSIGNED FUND BALANCE**

The School District has a deficit unassigned fund balance of \$396,784 in the General Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable.

**Audubon School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**19. DEFICIT UNASSIGNED FUND BALANCE (Continued)**

Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$396,784 is equal to or less than the June state aid payment.

**20. DEFICIT UNRESTRICTED NET POSITION**

As of June 30, 2018, a deficit of \$8,490,128 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

|  |                |
|--|----------------|
| Balances, June 30, 2018:                               |                |
| Fund Balance (Deficit)                                 |                |
| (Exclusive of Capital Projects and Debt Service Funds) |                |
| Unassigned   | \$ (396,784)   |
| Liabilities:   |                |
| Accrued Interest Payable                               | (89,696)       |
| Net Pension Difference                                 | (7,139,103)    |
| Compensated Absences                                   | (864,545)      |
|  | (8,490,128)    |
| Unrestricted Net Position (Deficit)                    | \$ (8,490,128) |

**21. FUND BALANCES**

*RESTRICTED*

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

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

**General Fund:**

**Excess Surplus** – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

**Capital Reserve** – As of June 30, 2018, the balance in the capital reserve account is \$85,140. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

*ASSIGNED*

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

**Audubon School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**21. FUND BALANCES (Continued)**

**General Fund:**

**Designated for Subsequent Year's Expenditures** – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018, \$132,322 of general fund balance.

*UNASSIGNED*

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

**General Fund** – As of June 30, 2018, the unassigned fund balance of the general fund was a deficit of \$396,784. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 19).

**Required Supplementary Information - Part II**

**Budgetary Comparison Schedules**

**AUDUBON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to<br>Actual |
|---|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| <b>REVENUES:</b>  |                    |                     |                   |                   |                                |
| Local sources:  |                    |                     |                   |                   |                                |
| Local Tax Levy  | \$ 11,599,944      | \$ -                | \$ 11,599,944     | \$ 11,599,944     | \$ -                           |
| Tuition from other LEA's                                    | 2,817,290          | 72,000              | 2,889,290         | 2,875,966         | (13,324)                       |
| Capital reserve interest                                    |                    |                     |                   | 1,873             | 1,873                          |
| Unrestricted misc. revenues                                 | 337,000            |                     | 337,000           | 336,858           | (142)                          |
| <b>Total local sources</b>                                  | <b>14,754,234</b>  | <b>72,000</b>       | <b>14,826,234</b> | <b>14,814,641</b> | <b>(11,593)</b>                |
| State sources:  |                    |                     |                   |                   |                                |
| Categorical special education aid                           | 713,615            |                     | 713,615           | 713,615           |                                |
| Equalization aid  | 5,859,113          | 98,370              | 5,957,483         | 5,957,483         |                                |
| Categorical security aid                                    | 131,828            |                     | 131,828           | 131,828           |                                |
| Adjustment aid  | 548,040            | (10,362)            | 537,678           | 519,774           | (17,904)                       |
| Additional Adjustment Aid                                   |                    |                     |                   | 17,904            | 17,904                         |
| Transportation aid  | 62,870             |                     | 62,870            | 62,870            |                                |
| School choice aid   | 939,960            |                     | 939,960           | 939,960           |                                |
| Under Adequacy Aid  | 25,300             |                     | 25,300            | 25,300            |                                |
| PARCC Readiness Aid   | 13,430             |                     | 13,430            | 13,430            |                                |
| Per Pupil Growth Aid  | 13,430             |                     | 13,430            | 13,430            |                                |
| Professional Learning Community Aid                         | 13,960             |                     | 13,960            | 13,960            |                                |
| Extraordinary aid   |                    | 191,184             | 191,184           | 191,907           | 723                            |
| Lead Testing for Schools Aid                                |                    |                     |                   | 5,850             | 5,850                          |
| On-behalf TPAF pension contrib.. (non-budgeted)             |                    |                     |                   | 1,621,242         | 1,621,242                      |
| On-behalf TPAF post ret.medical (non-budgeted)              |                    |                     |                   | 1,047,126         | 1,047,126                      |
| On-behalf TPAF LTDI (non-budgeted)                          |                    |                     |                   | 3,060             | 3,060                          |
| Reimbursed TPAF social security contribution (non-budgeted) |                    |                     |                   | 807,974           | 807,974                        |
| <b>Total state sources</b>                                  | <b>8,321,546</b>   | <b>279,192</b>      | <b>8,600,738</b>  | <b>12,086,713</b> | <b>3,485,975</b>               |
| Federal sources:  |                    |                     |                   |                   |                                |
| Medicaid Initiative (SEMI)                                  | 36,598             |                     | 36,598            | 47,588            | 10,990                         |
| <b>Total federal sources</b>                                | <b>36,598</b>      |                     | <b>36,598</b>     | <b>47,588</b>     | <b>10,990</b>                  |
| <b>TOTAL REVENUES</b>                                       | <b>23,112,378</b>  | <b>351,192</b>      | <b>23,463,570</b> | <b>26,948,942</b> | <b>3,485,372</b>               |
| <b>EXPENDITURES:</b>  |                    |                     |                   |                   |                                |
| <b>CURRENT EXPENSE:</b>                                     |                    |                     |                   |                   |                                |
| Regular Programs - Instruction:                             |                    |                     |                   |                   |                                |
| Salaries of teachers  |                    |                     |                   |                   |                                |
| Kindergarten  | 438,088            | (2,373)             | 435,715           | 435,715           |                                |
| Grades 1-5  | 1,787,558          | (8,804)             | 1,778,754         | 1,778,754         |                                |
| Grades 6-8  | 1,168,520          | 10,497              | 1,179,017         | 1,179,017         |                                |
| Grades 9-12   | 3,369,770          | (12,312)            | 3,357,458         | 3,357,458         |                                |
| Regular Programs - Home Instruction:                        |                    |                     |                   |                   |                                |
| Salaries of teachers  | 45,000             | (26,285)            | 18,715            | 18,715            |                                |
| Purchased professional - educational services               | 25,000             | 5,971               | 30,971            | 30,971            |                                |
| Regular Programs - Undistributed Instruction:               |                    |                     |                   |                   |                                |
| Other salaries for instruction                              | 125,726            | 23,593              | 149,319           | 149,319           |                                |
| Purchased professional - educational services               | 50,500             | 10,143              | 60,643            | 60,643            |                                |
| Purchased technical services                                |                    | 4,441               | 4,441             | 4,441             |                                |
| Other purchased services                                    | 20,100             | (9,382)             | 10,718            | 10,718            |                                |
| General supplies  | 374,175            | (123,372)           | 250,803           | 250,803           |                                |
| Textbooks   | 18,395             | (12,537)            | 5,858             | 5,858             |                                |
| <b>Total - Regular Programs - Instruction</b>               | <b>7,422,832</b>   | <b>(140,420)</b>    | <b>7,282,412</b>  | <b>7,282,412</b>  |                                |

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

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**AUDUBON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

| (Continued from prior page)                             | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to<br>Actual |
|---|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| <b>Special Education Instruction:</b>                   |                    |                     |                   |                   |                                |
| <b>Learning and/or Language Disabilities:</b>           |                    |                     |                   |                   |                                |
| Salaries of teachers                                    | \$ 319,200         | \$ (37,448)         | \$ 281,752        | \$ 281,752        | \$ -                           |
| Other salaries for instruction                          | 34,122             | (2,293)             | 31,829            | 31,829            |                                |
| General supplies  | 7,500              | (1,977)             | 5,523             | 5,523             |                                |
| <b>Total learning and/or language disab.</b>            | <u>360,822</u>     | <u>(41,718)</u>     | <u>319,104</u>    | <u>319,104</u>    |                                |
| <b>Behavioral Disabilities:</b>                         |                    |                     |                   |                   |                                |
| Salaries of teachers                                    | 182,200            |                     | 182,200           | 182,200           |                                |
| Other salaries for instruction                          | 15,834             | (15,834)            |                   |                   |                                |
| General supplies  | 3,000              | (2,811)             | 189               | 189               |                                |
| <b>Total behavioral disabilities</b>                    | <u>201,034</u>     | <u>(18,645)</u>     | <u>182,389</u>    | <u>182,389</u>    |                                |
| <b>Resource room/resource center:</b>                   |                    |                     |                   |                   |                                |
| Salaries of teachers                                    | 1,238,762          | (25,762)            | 1,213,000         | 1,213,000         |                                |
| Other salaries for instruction                          | 81,242             | 65,371              | 146,613           | 146,613           |                                |
| General supplies  | 11,000             | 822                 | 11,822            | 11,822            |                                |
| <b>Total resource room/resource center</b>              | <u>1,331,004</u>   | <u>40,431</u>       | <u>1,371,435</u>  | <u>1,371,435</u>  |                                |
| <b>Preschool Disabilities - Part-Time:</b>              |                    |                     |                   |                   |                                |
| Salaries of teachers                                    | 86,162             | 3,933               | 90,095            | 90,095            |                                |
| Other salaries for instruction                          | 95,044             | (26,175)            | 68,869            | 68,869            |                                |
| General supplies  | 10,000             | 8,887               | 18,887            | 18,887            |                                |
| <b>Total preschool disabilities - part-time</b>         | <u>191,206</u>     | <u>(13,355)</u>     | <u>177,851</u>    | <u>177,851</u>    |                                |
| <b>Total Special Education - Instruction</b>            | <u>2,084,066</u>   | <u>(33,287)</u>     | <u>2,050,779</u>  | <u>2,050,779</u>  |                                |
| <b>Basic Skills/Remedial - Instruction</b>              |                    |                     |                   |                   |                                |
| Salaries of teachers                                    | 392,830            | 93,921              | 486,751           | 486,751           |                                |
| Other salaries for instruction                          | 1,500              | (1,500)             |                   |                   |                                |
| General supplies  | 500                | (500)               |                   |                   |                                |
| <b>Total basic skills/remedial - instruction</b>        | <u>394,830</u>     | <u>91,921</u>       | <u>486,751</u>    | <u>486,751</u>    |                                |
| <b>School-Sponsored Cocurricular Act - Instruction:</b> |                    |                     |                   |                   |                                |
| Salaries of teachers                                    | 260,000            | 11,103              | 271,103           | 271,103           |                                |
| Supplies and materials                                  | 67,800             | (17,387)            | 50,413            | 50,413            |                                |
| <b>Total school-sponsored cocurr. act. - instruct.</b>  | <u>327,800</u>     | <u>(6,284)</u>      | <u>321,516</u>    | <u>321,516</u>    |                                |
| <b>School-Sponsored Athletics - Instruction:</b>        |                    |                     |                   |                   |                                |
| Salaries of teachers                                    | 370,000            | (18,185)            | 351,815           | 351,815           |                                |
| Purchased services                                      | 38,000             | 2,000               | 40,000            | 40,000            |                                |
| Supplies and materials                                  | 86,550             | 3,598               | 90,148            | 90,148            |                                |
| Other objects   | 8,500              | (2,002)             | 6,498             | 6,498             |                                |
| <b>Total school-sponsored athletics - instruct.</b>     | <u>503,050</u>     | <u>(14,589)</u>     | <u>488,461</u>    | <u>488,461</u>    |                                |
| <b>Community Services Programs/Operations</b>           |                    |                     |                   |                   |                                |
| Salaries  | 22,524             | 22                  | 22,546            | 22,546            |                                |
| <b>Total Community Services Programs/Operations</b>     | <u>22,524</u>      | <u>22</u>           | <u>22,546</u>     | <u>22,546</u>     |                                |
| <b>Total Instruction</b>                                | <u>10,755,102</u>  | <u>(102,637)</u>    | <u>10,652,465</u> | <u>10,652,465</u> |                                |

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

(CONTINUED TO NEXT PAGE)

**AUDUBON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

| (Continued from prior page)                           | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to<br>Actual |
|---|--------------------|---------------------|-----------------|----------------|--------------------------------|
| <b>Undistributed Expenditures - Instruction</b>       |                    |                     |                 |                |                                |
| Tuition to other LEAs within the state - spec         | \$ 26,000          | \$ (7,420)          | \$ 18,580       | \$ 18,580      | \$ -                           |
| Tuition to county vocational school - reg             | 9,603              | (6,014)             | 3,589           | 3,589          |                                |
| Tuition to CSSD & regional day school                 | 273,398            | 170,178             | 443,576         | 409,893        | 33,683                         |
| Tuition to priv. sch. for the disabled in state       | 388,857            | 122,276             | 511,133         | 511,133        |                                |
| <b>Total undistributed expenditures - instruction</b> | <b>697,858</b>     | <b>279,020</b>      | <b>976,878</b>  | <b>943,195</b> | <b>33,683</b>                  |
| <b>Attendance and Social Work Services:</b>           |                    |                     |                 |                |                                |
| Salaries  | 51,850             | (500)               | 51,350          | 51,350         |                                |
| <b>Total</b>  | <b>51,850</b>      | <b>(500)</b>        | <b>51,350</b>   | <b>51,350</b>  |                                |
| <b>Health Services:</b>                               |                    |                     |                 |                |                                |
| Salaries  | 247,900            | 9,018               | 256,918         | 256,918        |                                |
| Purchased professional and technical services         | 13,000             | 515                 | 13,515          | 13,515         |                                |
| Other purchased services                              | 500                | (500)               |                 |                |                                |
| Supplies and materials                                | 7,900              | (4,492)             | 3,408           | 3,408          |                                |
| <b>Total health services</b>                          | <b>269,300</b>     | <b>4,541</b>        | <b>273,841</b>  | <b>273,841</b> |                                |
| <b>Speech, OT, PT &amp; Related Services:</b>         |                    |                     |                 |                |                                |
| Salaries  | 373,735            | 533                 | 374,268         | 374,268        |                                |
| Purchased professional - educational services         | 15,000             | (15,000)            |                 |                |                                |
| Supplies and materials                                | 3,550              | (391)               | 3,159           | 3,159          |                                |
| <b>Total speech, ot, pt, &amp; related services</b>   | <b>392,285</b>     | <b>(14,858)</b>     | <b>377,427</b>  | <b>377,427</b> |                                |
| <b>Guidance:</b>                                      |                    |                     |                 |                |                                |
| Salaries of other professional staff                  | 533,234            | 2,327               | 535,561         | 535,561        |                                |
| Salaries of secretarial and clerical assistants       | 47,700             | (6,939)             | 40,761          | 40,761         |                                |
| Purchased professional - educational services         | 12,100             | 18,373              | 30,473          | 30,473         |                                |
| Other purchased services (400-500 series)             | 30,000             | (2,058)             | 27,942          | 27,942         |                                |
| Supplies and materials                                | 7,200              | 499                 | 7,699           | 7,699          |                                |
| <b>Total guidance</b>                                 | <b>630,234</b>     | <b>12,202</b>       | <b>642,436</b>  | <b>642,436</b> |                                |
| <b>Child Study Teams:</b>                             |                    |                     |                 |                |                                |
| Salaries of other professional staff                  | 522,234            | (42,429)            | 479,805         | 479,805        |                                |
| Salaries of secretarial and clerical assistants       | 84,465             | 787                 | 85,252          | 85,252         |                                |
| Other purchased prof. and technical services          | 150,000            | 94,352              | 244,352         | 244,352        |                                |
| Supplies and materials                                | 3,500              | 2,564               | 6,064           | 6,064          |                                |
| <b>Total child study teams</b>                        | <b>760,199</b>     | <b>55,274</b>       | <b>815,473</b>  | <b>815,473</b> |                                |
| <b>Improvement of Instruction Services:</b>           |                    |                     |                 |                |                                |
| Salaries of supervisors of instruction                | 277,319            |                     | 277,319         | 277,319        |                                |
| Salaries of other professional staff                  | 50,170             | (119)               | 50,051          | 50,051         |                                |
| Salaries of secretarial and clerical assistants       | 48,800             | (500)               | 48,300          | 48,300         |                                |
| Purchased professional - educational services         | 5,000              | (5,000)             |                 |                |                                |
| Supplies and materials                                | 2,000              | (2,000)             |                 |                |                                |
| <b>Total improvement of instructional services</b>    | <b>383,289</b>     | <b>(7,619)</b>      | <b>375,670</b>  | <b>375,670</b> |                                |

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

(CONTINUED TO NEXT PAGE)

**AUDUBON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

| (Continued from prior page)                            | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to<br>Actual |
|--|--------------------|---------------------|-----------------|----------------|--------------------------------|
| <b>Educational Media Services/School Library:</b>      |                    |                     |                 |                |                                |
| Salaries   | \$ 123,714         | \$ (2,296)          | \$ 121,418      | \$ 121,418     | \$ -                           |
| Purchased professional - technical services            | 10,000             | (4,382)             | 5,618           | 5,618          |                                |
| Supplies and materials                                 | 11,600             | (6,244)             | 5,356           | 5,356          |                                |
| <b>Total educational media services/school library</b> | <b>145,314</b>     | <b>(12,922)</b>     | <b>132,392</b>  | <b>132,392</b> |                                |
| <b>Instructional Staff Training Services:</b>          |                    |                     |                 |                |                                |
| Salaries of supervisors of instruction                 | 157,678            |                     | 157,678         | 157,678        |                                |
| Salaries of other professional staff                   | 50,170             | (119)               | 50,051          | 50,051         |                                |
| Purchased professional - educational services          | 21,000             | (8,466)             | 12,534          | 12,534         |                                |
| Other purchased professional and tech services         |                    | 820                 | 820             | 820            |                                |
| Supplies and materials                                 | 500                | 131                 | 631             | 631            |                                |
| <b>Total instructional staff training services</b>     | <b>229,348</b>     | <b>(7,634)</b>      | <b>221,714</b>  | <b>221,714</b> |                                |
| <b>Support Services - General Administration:</b>      |                    |                     |                 |                |                                |
| Salaries   | 185,280            | 18,797              | 204,077         | 204,077        |                                |
| Legal services   | 32,000             | 19,419              | 51,419          | 51,419         |                                |
| Audit Fees   | 24,000             | (2,672)             | 21,328          | 21,328         |                                |
| Communications / telephone                             | 41,000             | 14,378              | 55,378          | 55,378         |                                |
| Other purchased services                               | 61,000             | (10,958)            | 50,042          | 50,042         |                                |
| Judgements against the school district                 |                    | 4,800               | 4,800           | 4,800          |                                |
| Supplies and materials                                 | 5,000              | (5,000)             |                 |                |                                |
| Miscellaneous expenditures                             | 32,000             | (3,281)             | 28,719          | 28,719         |                                |
| <b>Total support services - general administration</b> | <b>380,280</b>     | <b>35,483</b>       | <b>415,763</b>  | <b>415,763</b> |                                |
| <b>Support Services - School Administration:</b>       |                    |                     |                 |                |                                |
| Salaries of principals/assist. principals              | 516,270            | (32,204)            | 484,066         | 484,066        |                                |
| Salaries of secretarial and clerical assistants        | 329,449            | 12,606              | 342,055         | 342,055        |                                |
| Other purchased services (400-500 series)              | 2,000              | 1,292               | 3,292           | 3,292          |                                |
| Supplies and materials                                 | 1,500              | (1,500)             |                 |                |                                |
| Other objects  | 9,600              | (5,303)             | 4,297           | 4,297          |                                |
| <b>Total support services - school administration</b>  | <b>858,819</b>     | <b>(25,109)</b>     | <b>833,710</b>  | <b>833,710</b> |                                |
| <b>Central Services:</b>                               |                    |                     |                 |                |                                |
| Salaries   | 347,913            | (13,109)            | 334,804         | 334,804        |                                |
| Misc. purchased services                               | 52,000             | (14,279)            | 37,721          | 36,485         | 1,236                          |
| Supplies and materials                                 | 6,000              | 5,821               | 11,821          | 11,821         |                                |
| Interest on lease purchase                             | 7,400              |                     | 7,400           | 4,940          | 2,460                          |
| Miscellaneous expenditures                             | 5,000              | 1,262               | 6,262           | 5,407          | 855                            |
| <b>Total central services</b>                          | <b>418,313</b>     | <b>(20,305)</b>     | <b>398,008</b>  | <b>393,457</b> | <b>4,551</b>                   |
| <b>Admin. Informational Technology</b>                 |                    |                     |                 |                |                                |
| Salaries   | 86,392             | 10,808              | 97,200          | 97,200         |                                |
| General supplies                                       | 8,000              | 19,692              | 27,692          | 25,164         | 2,528                          |
| <b>Total admin. informational technology</b>           | <b>94,392</b>      | <b>30,500</b>       | <b>124,892</b>  | <b>122,364</b> | <b>2,528</b>                   |
| <b>Required Maintenance School Facilities:</b>         |                    |                     |                 |                |                                |
| Salaries   | 297,569            | (42,000)            | 255,569         | 255,569        |                                |
| General supplies                                       | 10,000             | 11,000              | 21,000          | 21,000         |                                |
| <b>Total required maintenance school facilities</b>    | <b>307,569</b>     | <b>(31,000)</b>     | <b>276,569</b>  | <b>276,569</b> |                                |

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

(CONTINUED TO NEXT PAGE)

**AUDUBON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

| (Continued from prior page)                                   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to<br>Actual |
|---|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| <b>Other Operation &amp; Maintenance of Plant:</b>            |                    |                     |                   |                   |                                |
| Salaries  | \$ 679,999         | \$ (12,331)         | \$ 667,668        | \$ 655,249        | \$ 12,419                      |
| Salaries of non-instructional aides                           |                    | 25,683              | 25,683            | 25,683            |                                |
| Rental of Land & Bldg. Oth. Than Lease Pur.                   | 25,000             |                     | 25,000            |                   | 25,000                         |
| Other purchased property services                             | 64,000             | (10,586)            | 53,414            | 53,414            |                                |
| Insurance   | 80,000             | 12,331              | 92,331            | 92,331            |                                |
| Misc. Purchased Services                                      | 65,000             | 41,969              | 106,969           | 104,366           | 2,603                          |
| General Supplies  | 137,000            | (43,927)            | 93,073            | 83,703            | 9,370                          |
| Energy (Electricity)  | 410,000            | (129,628)           | 280,372           | 272,622           | 7,750                          |
| Other objects   | 2,000              | 10,500              | 12,500            | 12,500            |                                |
| Energy (Natural Gas)  | 110,000            | (17,009)            | 92,991            | 87,643            | 5,348                          |
| <b>Total other operations &amp; maint. of plant</b>           | <b>1,572,999</b>   | <b>(122,998)</b>    | <b>1,450,001</b>  | <b>1,387,511</b>  | <b>62,490</b>                  |
| <b>Care &amp; Upkeep of Grounds:</b>                          |                    |                     |                   |                   |                                |
| Salaries  | 109,400            | 4,000               | 113,400           | 113,400           |                                |
| General Supplies  | 17,000             |                     | 17,000            | 15,661            | 1,339                          |
| <b>Total care and upkeep of grounds</b>                       | <b>126,400</b>     | <b>4,000</b>        | <b>130,400</b>    | <b>129,061</b>    | <b>1,339</b>                   |
| <b>Total operation &amp; maint. of plant services</b>         | <b>2,006,968</b>   | <b>(149,998)</b>    | <b>1,856,970</b>  | <b>1,793,141</b>  | <b>63,829</b>                  |
| <b>Student Transportation Services:</b>                       |                    |                     |                   |                   |                                |
| Salaries for Pupil Trans (other than between home and school) | 49,000             | (22,847)            | 26,153            | 26,153            |                                |
| Management fee - ESC Transp. programs                         | 18,000             | 2,146               | 20,146            | 20,146            |                                |
| Cleaning, repair and maintenance services                     | 17,000             | (6,528)             | 10,472            | 10,472            |                                |
| Contr. serv. (not between home & sch) - vendor                | 25,000             | (7,579)             | 17,421            | 17,421            |                                |
| Contr. Serv. (Spl. Ed. Students) - ESC                        | 283,076            | 145,599             | 428,675           | 428,675           |                                |
| Misc. purchased services - transportation                     | 8,000              | (5,186)             | 2,814             | 2,814             |                                |
| Supplies and materials  | 5,000              | 251                 | 5,251             | 5,251             |                                |
| <b>Total student transportation services</b>                  | <b>405,076</b>     | <b>105,856</b>      | <b>510,932</b>    | <b>510,932</b>    |                                |
| <b>Unallocated Benefits - Employee Benefits:</b>              |                    |                     |                   |                   |                                |
| Social security contributions                                 | 350,000            | (18,790)            | 331,210           | 331,210           |                                |
| Other retirement contributions - PERS                         | 300,000            | 22,797              | 322,797           | 322,797           |                                |
| Unemployment compensation                                     |                    | 24,700              | 24,700            | 24,700            |                                |
| Workmen's compensation  | 223,000            | (5,666)             | 217,334           | 217,334           |                                |
| Health benefits   | 3,467,153          | 58,088              | 3,525,241         | 3,525,241         |                                |
| Tuition reimbursement   | 48,000             | 2,442               | 50,442            | 50,442            |                                |
| Other employee benefits                                       | 20,000             | (6,716)             | 13,284            | 13,284            |                                |
| Unused Sick Payment to Terminated/Retired Staff               | 43,786             | 48,491              | 92,277            | 92,277            |                                |
| <b>Total unallocated benefits - employee benefits</b>         | <b>4,451,939</b>   | <b>125,346</b>      | <b>4,577,285</b>  | <b>4,577,285</b>  |                                |
| On-behalf TPAF pension contr. (non-budgeted)                  |                    |                     |                   | 1,621,242         | (1,621,242)                    |
| On-behalf TPAF post ret. medical (non-budgeted)               |                    |                     |                   | 1,047,126         | (1,047,126)                    |
| On-behalf TPAF LTDI (non-budgeted)                            |                    |                     |                   | 3,060             | (3,060)                        |
| Reimbursed TPAF social security contr. (non-budgeted)         |                    |                     |                   | 807,974           | (807,974)                      |
| <b>Total Undistributed Expenditures</b>                       | <b>12,175,464</b>  | <b>409,277</b>      | <b>12,584,741</b> | <b>15,959,552</b> | <b>(3,374,811)</b>             |
| <b>Total General Current Expense</b>                          | <b>22,930,566</b>  | <b>306,640</b>      | <b>23,237,206</b> | <b>26,612,017</b> | <b>(3,374,811)</b>             |

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

(CONTINUED TO NEXT PAGE)

**AUDUBON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

| (Continued from prior page)  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual              | Variance<br>Final to<br>Actual |
|--|--------------------|---------------------|-------------------|---------------------|--------------------------------|
| <b>CAPITAL OUTLAY:</b>   |                    |                     |                   |                     |                                |
| Equipment:   |                    |                     |                   |                     |                                |
| Grades 9-12  | \$ 3,100           | \$ (144)            | \$ 2,956          | \$ 1,756            | \$ 1,200                       |
| Undist. expend. - support services - child study   |                    |                     |                   |                     |                                |
| Total Equipment  | <u>3,100</u>       | <u>(144)</u>        | <u>2,956</u>      | <u>1,756</u>        | <u>1,200</u>                   |
| Facilities Acquisition and Construction Services:  |                    |                     |                   |                     |                                |
| Construction services  |                    |                     |                   |                     |                                |
| Lease purchase agreements - principal  | 198,186            | 44,696              | 242,882           | 242,882             |                                |
| Assessment on SDA Funding  | 101,451            |                     | 101,451           | 101,451             |                                |
| Total Facilities Acquisition and Constr. Services  | <u>299,637</u>     | <u>44,696</u>       | <u>344,333</u>    | <u>344,333</u>      |                                |
| Assets acquired under capital leases (non-budgeted):   |                    |                     |                   |                     |                                |
| Equipment  |                    |                     |                   |                     |                                |
| Undistributed expenditures - instruction   |                    |                     |                   | 380,000             | (380,000)                      |
|  |                    |                     |                   | <u>380,000</u>      | <u>(380,000)</u>               |
| Total Capital Outlay   | <u>302,737</u>     | <u>44,552</u>       | <u>347,289</u>    | <u>726,089</u>      | <u>(378,800)</u>               |
| <b>TOTAL EXPENDITURES</b>  | <u>23,233,303</u>  | <u>351,192</u>      | <u>23,584,495</u> | <u>27,338,106</u>   | <u>(3,753,611)</u>             |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures:  | <u>(120,925)</u>   |                     | <u>(120,925)</u>  | <u>(389,164)</u>    | <u>(268,239)</u>               |
| Other Financing Sources:   |                    |                     |                   |                     |                                |
| Operating transfers out - Food Service   | (25,000)           |                     | (25,000)          | (25,000)            |                                |
| Operating transfers out - Capital Projects   |                    |                     |                   | (32,713)            | (32,713)                       |
| Proceeds from capital lease  |                    |                     |                   | 380,000             | 380,000                        |
| Total other financing sources  | <u>(25,000)</u>    |                     | <u>(25,000)</u>   | <u>322,287</u>      | <u>347,287</u>                 |
| Excess (Deficiency) of Revenues and Other<br>Financing Sources Over (Under) Expenditures<br>and Other Financing Sources (Uses):    | <u>(145,925)</u>   |                     | <u>(145,925)</u>  | <u>(66,877)</u>     | <u>79,048</u>                  |
| Fund Balance - July 1, 2017  | <u>683,724</u>     |                     | <u>683,724</u>    | <u>683,724</u>      |                                |
| Fund Balance - June 30, 2018   | <u>\$ 537,799</u>  | <u>\$ -</u>         | <u>\$ 537,799</u> | <u>\$ 616,847</u>   | <u>\$ 79,048</u>               |
| Recapitulation of Fund Balance:  |                    |                     |                   |                     |                                |
| Restricted Fund Balance:   |                    |                     |                   |                     |                                |
| Capital reserve  |                    |                     |                   | \$ 85,140           |                                |
| Excess surplus- designated for subsequent year's budget  |                    |                     |                   |                     |                                |
| Assigned Fund Balance:   |                    |                     |                   |                     |                                |
| Designated for subsequent year's expenditures  |                    |                     |                   | 95,393              |                                |
| Unreserved -- Designated between July 1, 2018 and August 1, 2018 by<br>special board resolution for Subsequent Year's Expenditures |                    |                     |                   | 36,929              |                                |
| Unassigned Fund Balance:   |                    |                     |                   | <u>399,385</u>      |                                |
|  |                    |                     |                   | <u>616,847</u>      |                                |
| Reconciliation to Governmental Funds Statements (GAAP):  |                    |                     |                   |                     |                                |
| Last State Aid Payment not Recognized on GAAP Basis  |                    |                     |                   | <u>(796,169)</u>    |                                |
| Fund Balance per Governmental Funds (GAAP)   |                    |                     |                   | <u>\$ (179,322)</u> |                                |

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

**AUDUBON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2018**

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to<br>Actual |
|--|--------------------|---------------------|-----------------|------------|--------------------------------|
| <b>REVENUES:</b>   |                    |                     |                 |            |                                |
| Federal sources  | \$ 422,920         | \$ 163,938          | \$ 586,858      | \$ 586,858 | \$ -                           |
| Total Revenues   | 422,920            | 163,938             | 586,858         | 586,858    |                                |
| <b>EXPENDITURES:</b>   |                    |                     |                 |            |                                |
| Instruction:   |                    |                     |                 |            |                                |
| Salaries of teachers   | 141,920            | (21,462)            | 120,458         | 120,458    |                                |
| Other salaries for instruction   |                    | 56,496              | 56,496          | 56,496     |                                |
| Other purchased services   | 275,000            | 100,016             | 375,016         | 375,016    |                                |
| General supplies   |                    | 1,855               | 1,855           | 1,855      |                                |
| Other objects  |                    |                     |                 |            |                                |
| Total Instruction  | 416,920            | 136,905             | 553,825         | 553,825    |                                |
| Support Services:  |                    |                     |                 |            |                                |
| Salaries - other professional staff  |                    |                     |                 |            |                                |
| Personal services - employee benefits  |                    | 26,633              | 26,633          | 26,633     |                                |
| Purchased prof. - technical services   |                    |                     |                 |            |                                |
| Purchased prof. - educational services   | 6,000              |                     | 6,000           | 6,000      |                                |
| Other purchased services   |                    |                     |                 |            |                                |
| Supplies and materials   |                    | 400                 | 400             | 400        |                                |
| Total Support Services   | 6,000              | 27,033              | 33,033          | 33,033     |                                |
| Facilities Acquisition and Construction Services:  |                    |                     |                 |            |                                |
| Buildings  |                    |                     |                 |            |                                |
| Total Facilities Acq. and Const. Services  |                    |                     |                 |            |                                |
| Total Expenditures   | 422,920            | 163,938             | 586,858         | 586,858    |                                |
| Total Outflows   | 422,920            | 163,938             | 586,858         | 586,858    |                                |
| Excess (Deficiency) of Revenues over<br>(under) Expenditures and other financing<br>sources (uses) | \$ -               | \$ -                | \$ -            | \$ -       | \$ -                           |

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

**AUDUBON SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**  
**For the Fiscal Year Ended June 30, 2018**

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

|  | <b>General<br/>Fund</b> | <b>Special<br/>Revenue<br/>Fund</b> |
|--|-------------------------|-------------------------------------|
| <b>Sources/inflows of resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules   | \$ 26,948,942           | \$ 586,858                          |
| <b>Difference - budget to GAAP:</b>  |                         |                                     |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.   | -                       | -                                   |
| State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.  | 787,211                 | -                                   |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.   | (796,169)               | -                                   |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.  | \$ 26,939,984           | \$ 586,858                          |
| <b>Uses/outflows of resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule   | \$ 27,338,106           | \$ 586,858                          |
| <b>Differences - budget to GAAP</b>  |                         |                                     |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | -                       | -                                   |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds   | \$ 27,338,106           | \$ 586,858                          |

**Required Supplementary Information - Part III**  
**Schedules Related to Accounting and Reporting**  
**For Pensions and**  
**Other Post Employment Benefits**



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

|   | June 30,<br>2018 | June 30,<br>2017 | June 30,<br>2016 | June 30,<br>2015 | June 30,<br>2014 |
|---|------------------|------------------|------------------|------------------|------------------|
| District's proportion of the net pension liability (asset)  | 0.0325394227%    | 0.0319741746%    | 0.0324191799%    | 0.0304165923%    | 0.0307947299%    |
| District's proportionate share of the net pension liability (asset)   | \$ 7,574,657     | \$ 9,469,833     | \$ 7,277,456     | \$ 5,694,818     | \$ 5,885,485     |
| District's covered-employee payroll   | 2,116,345        | 2,011,105        | 2,210,636        | 2,131,870        | 2,087,000        |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 357.91%          | 470.88%          | 329.20%          | 267.13%          | 282.01%          |
| Plan fiduciary net position as a percentage of the total pension liability  | 36.78%           | 31.20%           | 38.21%           | 42.74%           | 40.71%           |

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

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

|  | June 30,<br>2018 | June 30,<br>2017 | June 30,<br>2016 | June 30,<br>2015 | June 30,<br>2014 |
|--|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                      | \$ 285,618       | \$ 302,571       | \$ 284,054       | \$ 278,718       | \$ 250,750       |
| Contributions in relation to the contractually<br>required contributions | <u>(285,618)</u> | <u>(302,571)</u> | <u>(284,054)</u> | <u>(278,718)</u> | <u>(250,750)</u> |
| Contribution deficiency (excess)   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's covered-employee payroll                                      | \$ 2,116,345     | \$ 2,011,105     | \$ 2,210,636     | \$ 2,131,870     | \$ 2,087,000     |
| Contributions as a percentage of<br>covered-employee payroll             | 13.50%           | 15.05%           | 12.85%           | 13.07%           | 12.01%           |

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

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

|   | June 30,<br>2018            | June 30,<br>2017            | June 30,<br>2016            | June 30,<br>2015            | June 30,<br>2014            |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| District's proportion of the net pension liability (asset)  | 0.1073812693%               | 0.1065269046%               | 0.1041246558%               | 0.1038926042%               | 0.1041246558%               |
| District's proportionate share of the net pension liability (asset)   | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        |
| State's proportionate share of the net pension liability (asset) associated with the District                       | <u>\$ 72,400,324</u>        | <u>\$ 83,800,846</u>        | <u>\$ 65,811,229</u>        | <u>\$ 55,527,216</u>        | <u>\$ 54,600,007</u>        |
| <b>Total</b>  | <u><u>\$ 72,400,324</u></u> | <u><u>\$ 83,800,846</u></u> | <u><u>\$ 65,811,229</u></u> | <u><u>\$ 55,527,216</u></u> | <u><u>\$ 54,600,007</u></u> |
| District's covered-employee payroll   | \$ 11,300,909               | \$ 11,440,992               | \$ 11,054,820               | \$ 10,903,883               | \$ 10,674,384               |
| 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%                      |

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

**AUDUBON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District**  
**and Changes in the Total OPEB Liability and Related Ratios**  
**Public Employee's Retirement System and Teachers' Pension and Annuity Fund**  
**Current Fiscal Year**

|   | <u>June 30,<br/>2018</u>    |
|---|-----------------------------|
| State's proportion of the net OPEB liability (asset)<br>associated with the District        | 0.12%                       |
| District's proportionate share of the net OPEB liability                                    | \$ -                        |
| State's proportionate share of the net OPEB liability<br>associated with the District       | \$ 63,286,990               |
| Total proportionate share of the net OPEB liability (asset)<br>associated with the District | <u>\$ 63,286,990</u>        |
| Plan fiduciary net position as a percentage of the total<br>OPEB Liability                  | 0.00%                       |
|   | <u>June 30,<br/>2018</u>    |
| <b>Total OPEB Liability</b>   |                             |
| Service Cost  | \$ 2,483,848                |
| Interest  | 1,997,012                   |
| Changes of assumptions and other inputs   | (8,069,702)                 |
| Member Contributions  | 53,977                      |
| Benefit payments  | <u>(1,465,861)</u>          |
| <b>Net Change in total OPEB Liability</b>   | <b>\$ (5,000,726)</b>       |
| <b>Total OPEB Liability - beginning</b>   | <b>\$ 68,287,716</b>        |
| <b>Total OPEB Liability - ending</b>  | <b><u>\$ 63,286,990</u></b> |
| District's covered-employee payroll   | 13,417,254                  |
| Total OPEB Liability as a percentage of<br>covered-employee payroll                         | 471.68%                     |

This schedule does not contain ten years of information as GASB 75 was implemented during the fiscal year ended June 30, 2018.

**Audubon School District**  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2018**

**1. Teacher's Pension and Annuity Fund (TPAF)**

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

*Changes of assumptions:* Pre-retirement, post-retirement and disabled 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.

**2. Public Employees' Retirement System (PERS)**

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

*Changes of assumptions:* Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. 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 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

**3. Other Post-Retirement Plan – Public Employees' Retirement System and Teachers' Pension and Annuity Fund**

*Changes of benefit term:* There were none.

*Changes of assumptions:* The discount rate changed from 2.85% as of June 30, 2016 to 3.85% as of June 30, 2017.

**Other Supplementary Information**

**Special Revenue Fund**

**AUDUBON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

|  | Title I        | Title II A   | IDEA<br>Basic  | IDEA<br>Preschool | Total          |
|--|----------------|--------------|----------------|-------------------|----------------|
| <b>REVENUES:</b>   |                |              |                |                   |                |
| State sources  |                |              |                |                   |                |
| Federal sources  | \$ 203,922     | \$ 7,920     | \$ 362,858     | \$ 12,158         | \$ 586,858     |
| <b>Total Revenues</b>  | <b>203,922</b> | <b>7,920</b> | <b>362,858</b> | <b>12,158</b>     | <b>586,858</b> |
| <b>EXPENDITURES:</b>   |                |              |                |                   |                |
| Instruction:   |                |              |                |                   |                |
| Salaries of teachers   | 118,538        | 1,920        |                |                   | 120,458        |
| Other salaries for instruction   | 56,496         |              |                |                   | 56,496         |
| Other purchased services   |                |              | 362,858        | 12,158            | 375,016        |
| General supplies   | 1,855          |              |                |                   | 1,855          |
| Other objects  |                |              |                |                   |                |
| <b>Total instruction</b>   | <b>176,889</b> | <b>1,920</b> | <b>362,858</b> | <b>12,158</b>     | <b>553,825</b> |
| Support services:  |                |              |                |                   |                |
| Salaries - other professional staff  |                |              |                |                   |                |
| Personal services-employee benefits  | 26,633         |              |                |                   | 26,633         |
| Purchased prof educ services   |                | 6,000        |                |                   | 6,000          |
| Purchased prof tech services   |                |              |                |                   |                |
| Other purchased services   |                |              |                |                   |                |
| Supplies and materials   | 400            |              |                |                   | 400            |
| <b>Total support services</b>  | <b>27,033</b>  | <b>6,000</b> |                |                   | <b>33,033</b>  |
| Facilities acquisition and const. serv.:   |                |              |                |                   |                |
| Instructional equipment  |                |              |                |                   |                |
| <b>Total facilities acq. and const. serv.</b>  |                |              |                |                   |                |
| <b>Total Expenditures</b>  | <b>203,922</b> | <b>7,920</b> | <b>362,858</b> | <b>12,158</b>     | <b>586,858</b> |
| Excess (deficiency) of revenues over<br>(under) expenditures and other<br>financing sources (uses) | \$ -           | \$ -         | \$ -           | \$ -              | \$ -           |



**Capital Projects Fund**

**AUDUBON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budgetary Basis**  
**For the Fiscal Year ended June 30, 2018**

**Revenues and Other Financing Sources:**

|  |                 |
|--|-----------------|
| SDA Grant                                  | \$ (63,390)     |
| Transfer from Capital Reserve              | <u>32,713</u>   |
| Total revenues and other financing sources | <u>(30,677)</u> |

**Expenditures and Other Financing (Uses):**

|   |                             |
|---|-----------------------------|
| Purchased professional services               |                             |
| Construction services                         |                             |
| <br>  |                             |
| Total expenditures and other financing (uses) | <u>                    </u> |

Excess (deficiency) or revenues over (under) expenditures (30,677)

Fund Balance - July 1, 2017 \$ 30,677

Fund Balance - June 30, 2018 \$ -

**AUDUBON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Renovations to Mansion Avenue School**  
**From Inception and for the Fiscal Year ended June 30, 2018**

|  | Prior Periods    | Current Year | Total      | Revised<br>Authorized<br>Costs |
|--|------------------|--------------|------------|--------------------------------|
| <b>Revenues and Other Financing Sources:</b>                 |                  |              |            |                                |
| State sources - SCC Grant                                    | \$ 1,048,600     | \$ (63,380)  | \$ 985,220 | \$ 985,220                     |
| Bond proceeds  | 1,079,795        |              | 1,079,795  | 1,079,795                      |
| Transfer from Capital Reserve                                |                  | 50,529       | 50,529     | \$70,529                       |
| Total revenues   | 2,128,395        | (12,851)     | 2,115,544  | 2,135,544                      |
| <b>Expenditures and Other Financing Uses:</b>                |                  |              |            |                                |
| Purchased professional services                              | 156,927          |              | 156,927    | 156,927                        |
| Construction services  | 1,958,617        |              | 1,958,617  | 1,958,617                      |
|  | 2,115,544        |              | 2,115,544  | 2,115,544                      |
| Excess (deficiency) or revenues over<br>(under) expenditures | \$ 12,851        | \$ (12,851)  | \$ -       | \$ 20,000                      |
| <b>Additional project information:</b>                       |                  |              |            |                                |
| Project Number   | 0150-050-04-1000 |              |            |                                |
| Grant Date   | 11/13/03         |              |            |                                |
| Bond Authorization Date                                      | 04/01/04         |              |            |                                |
| Bonds Authorized   | \$ 1,283,795     |              |            |                                |
| Bonds Issued   | \$ 1,283,795     |              |            |                                |
| Original Authorized Cost                                     | \$ 2,332,395     |              |            |                                |
| Additional Authorized Cost                                   | \$ (204,000)     |              |            |                                |
| Revised Authorized Cost                                      | \$ 2,128,395     |              |            |                                |
| Percentage Increase over Original<br>Authorized Cost         | -8.75%           |              |            |                                |
| Percentage Completion  | 100.00%          |              |            |                                |
| Original target completion date                              | 12/01/05         |              |            |                                |
| Revised target completion date                               | 12/01/06         |              |            |                                |

**AUDUBON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Renovations to High School**  
**From Inception and for the Fiscal Year ended June 30, 2018**

|  | <u>Prior Periods</u> | <u>Current Year</u> | <u>Total</u>      | <u>Revised<br/>Authorized<br/>Costs</u> |
|--|----------------------|---------------------|-------------------|---|
| <b>Revenues and Other Financing Sources:</b>                 |                      |                     |                   |   |
| State sources - SCC Grant                                    | \$ 5,681,740         | \$ (10)             | \$ 5,681,730      | \$ 5,681,730                            |
| Bond proceeds  | 8,237,472            |                     | 8,237,472         | 8,237,472                               |
| Transfer from Capital Reserve                                |                      | (17,816)            | (17,816)          | (\$17,816)                              |
| Total revenues   | <u>13,919,212</u>    | <u>(17,826)</u>     | <u>13,901,386</u> | <u>13,901,386</u>                       |
| <b>Expenditures and Other Financing Uses:</b>                |                      |                     |                   |   |
| Salaries   | 9,601                |                     | 9,601             | 9,601                                   |
| Purchased professional services                              | 1,344,875            |                     | 1,344,875         | 1,344,875                               |
| Construction services  | 12,481,614           |                     | 12,481,614        | 12,481,614                              |
| Other objects  | 65,296               |                     | 65,296            | 65,296                                  |
|  | <u>13,901,386</u>    |                     | <u>13,901,386</u> | <u>13,901,386</u>                       |
| Excess (deficiency) or revenues over<br>(under) expenditures | <u>\$ 17,826</u>     | <u>\$ (17,826)</u>  | <u>\$ -</u>       | <u>\$ -</u>                             |
| <b>Additional project information:</b>                       |                      |                     |                   |   |
| Project Number   | 0150-019-04-1000     |                     |                   |   |
| Grant Date   | 11/13/03             |                     |                   |   |
| Bond Authorization Date                                      | 04/01/04             |                     |                   |   |
| Bonds Authorized   | \$ 8,152,924         |                     |                   |   |
| Bonds Issued   | \$ 8,152,924         |                     |                   |   |
| Original Authorized Cost                                     | \$ 13,834,664        |                     |                   |   |
| Additional Authorized Cost                                   | \$ 130,549           |                     |                   |   |
| Revised Authorized Cost                                      | \$ 13,965,213        |                     |                   |   |
| Percentage Increase over Original<br>Authorized Cost         | 0.94%                |                     |                   |   |
| Percentage Completion  | 99.00%               |                     |                   |   |
| Original target completion date                              | 12/01/05             |                     |                   |   |
| Revised target completion date                               | 12/01/07             |                     |                   |   |

**AUDUBON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Statement of Project Revenues, Expenditures, Project Balance,**  
**and Project Status - Budgetary Basis**  
**Roof and Roof-Top HVAC Haviland Elementary School**  
**From Inception and for the Fiscal Year ended June 30, 2018**

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

**Additional project information:**

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

Proprietary Funds

**AUDUBON SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2018**

|                                  | <u>Food<br/>Service<br/>Fund</u> | <u>Community<br/>Education<br/>Program</u> | <u>After<br/>School<br/>Program</u> | <u>Total</u>      |
|----------------------------------|----------------------------------|--|-------------------------------------|-------------------|
| <b>ASSETS:</b>                   |                                  |  |                                     |                   |
| Current Assets:                  |                                  |  |                                     |                   |
| Cash and cash equivalents        | \$ -                             | \$ 99,755                                  | \$ 201,897                          | \$ 301,652        |
| Accounts receivable:             |                                  |  |                                     | -                 |
| State                            | 207                              | -  | -                                   | 207               |
| Federal                          | 7,206                            | -  | -                                   | 7,206             |
| Other                            | 2,843                            | -  | -                                   | 2,843             |
| Inventories                      | 5,910                            | -  | -                                   | 5,910             |
| Total Current Assets             | <u>16,166</u>                    | <u>99,755</u>                              | <u>201,897</u>                      | <u>317,818</u>    |
| Noncurrent Assets:               |                                  |  |                                     |                   |
| Equipment                        | 195,636                          | -  | -                                   | 195,636           |
| Less - accumulated depreciation  | (188,848)                        | -  | -                                   | (188,848)         |
| Total Noncurrent Assets          | <u>6,788</u>                     | <u>-</u>                                   | <u>-</u>                            | <u>6,788</u>      |
| Total Assets                     | <u>22,954</u>                    | <u>99,755</u>                              | <u>201,897</u>                      | <u>324,606</u>    |
| <b>LIABILITIES:</b>              |                                  |  |                                     |                   |
| Current Liabilities:             |                                  |  |                                     |                   |
| Cash Overdraft                   | 9,943                            | -  | -                                   | 9,943             |
| Unearned Revenue                 | 4,410                            | -  | -                                   | 4,410             |
| Total Current Liabilities        | <u>14,353</u>                    | <u>-</u>                                   | <u>-</u>                            | <u>14,353</u>     |
| <b>NET POSITION:</b>             |                                  |  |                                     |                   |
| Net investment in capital assets | 6,788                            | -  | -                                   | 6,788             |
| Unrestricted                     | 1,813                            | 99,755                                     | 201,897                             | 303,465           |
| Total Net Position               | <u>\$ 8,601</u>                  | <u>\$ 99,755</u>                           | <u>\$ 201,897</u>                   | <u>\$ 310,253</u> |

**AUDUBON SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2018**

|  | <u>Food<br/>Service<br/>Fund</u> | <u>Community<br/>Education<br/>Program</u> | <u>After<br/>School<br/>Program</u> | <u>Totals</u>     |
|--|----------------------------------|--|-------------------------------------|-------------------|
| <b>OPERATING REVENUES:</b>                       |                                  |  |                                     |                   |
| Charges for Services:                            |                                  |  |                                     |                   |
| Daily sales reimbursable programs:               |                                  |  |                                     |                   |
| School lunch                                     | \$ 114,700                       | \$ -                                       | \$ -                                | \$ 114,700        |
| Daily sales non-reimbursable programs:           |                                  |  |                                     |                   |
| Adult and ala carte sales                        | 131,949                          | -  | -                                   | 131,949           |
| Program fees                                     | -                                | 70,509                                     | 178,220                             | 248,729           |
| Total Operating Revenues                         | <u>246,649</u>                   | <u>70,509</u>                              | <u>178,220</u>                      | <u>495,378</u>    |
| <b>OPERATING EXPENSES:</b>                       |                                  |  |                                     |                   |
| Salaries and fringe benefits                     | 249,162                          | 47,352                                     | 100,926                             | 397,440           |
| Management fee                                   | -                                | -  | -                                   | -                 |
| Supplies and materials                           | 1,538                            | 37,525                                     | 2,068                               | 41,131            |
| Other costs                                      | 14,446                           | -  | -                                   | 14,446            |
| Depreciation                                     | 2,310                            | -  | -                                   | 2,310             |
| Cost of sales - reimbursable programs            | 84,111                           | -  | -                                   | 84,111            |
| Cost of sales - nonreimbursable programs         | 96,760                           | -  | -                                   | 96,760            |
| Total Operating Expenses                         | <u>448,327</u>                   | <u>84,877</u>                              | <u>102,994</u>                      | <u>636,198</u>    |
| Operating Income (Loss)                          | <u>(201,678)</u>                 | <u>(14,368)</u>                            | <u>75,226</u>                       | <u>(140,820)</u>  |
| <b>Non-Operating Revenues:</b>                   |                                  |  |                                     |                   |
| State sources:                                   |                                  |  |                                     |                   |
| State school lunch program                       | 3,958                            | -  | -                                   | 3,958             |
| Federal sources:                                 |                                  |  |                                     |                   |
| National school lunch program                    | 128,541                          | -  | -                                   | 128,541           |
| National school breakfast program                | 12,684                           | -  | -                                   | 12,684            |
| Food distribution program                        | 29,548                           | -  | -                                   | 29,548            |
| Local sources:                                   |                                  |  |                                     |                   |
| Interest earned                                  | -                                | 252  | -                                   | 252               |
| Total Non-Operating Revenues                     | <u>174,731</u>                   | <u>252</u>                                 | <u>-</u>                            | <u>174,983</u>    |
| Income (Loss) before Contributions and Transfers | (26,947)                         | (14,116)                                   | 75,226                              | 34,163            |
| Operating Transfers In                           | <u>25,000</u>                    | <u>-</u>                                   | <u>-</u>                            | <u>25,000</u>     |
| Changes in Net Position                          | (1,947)                          | (14,116)                                   | 75,226                              | 59,163            |
| Net Position - July 1, 2017                      | <u>10,548</u>                    | <u>113,871</u>                             | <u>126,671</u>                      | <u>251,090</u>    |
| Net Position - June 30, 2018                     | <u>\$ 8,601</u>                  | <u>\$ 99,755</u>                           | <u>\$ 201,897</u>                   | <u>\$ 310,253</u> |



**AUDUBON SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2018**

|   | Food<br>Service<br>Fund | Community<br>Education<br>Program | After<br>School<br>Program | Total        |
|---|-------------------------|-----------------------------------|----------------------------|--------------|
| <b>Cash Flows from Operating Activities:</b>  |                         |                                   |                            |              |
| Cash receipts from customers  | \$ 244,837              | \$ 70,509                         | \$ 178,220                 | \$ 493,566   |
| Cash payments to employees for services   | (249,162)               | (47,352)                          | (100,925)                  | (397,439)    |
| Cash payments to suppliers for goods<br>and services  | (166,780)               | (37,525)                          | (2,069)                    | (206,374)    |
| Net cash provided by (used for) operating activities  | (171,105)               | (14,368)                          | 75,226                     | (110,247)    |
| <b>Cash Flows from Noncapital Financing Activities:</b>   |                         |                                   |                            |              |
| Cash received from state sources  | 3,915                   | -                                 | -                          | 3,915        |
| Cash received from federal sources  | 140,310                 | -                                 | -                          | 140,310      |
| Operating transfer in   | 25,000                  | -                                 | -                          | 25,000       |
| Net cash provided by noncapital financing activities  | 169,225                 | -                                 | -                          | 169,225      |
| <b>Cash Flows used by Noncapital Financing Activities:</b>  |                         |                                   |                            |              |
| Cash advance to General Fund  | -                       | -                                 | -                          | -            |
| <b>Cash Flow Provided by Investing Activities:</b>  |                         |                                   |                            |              |
| Interest on cash equivalents  | -                       | 252                               | -                          | 252          |
| Net increase (decrease) in cash and cash equivalents  | (1,880)                 | (14,116)                          | 75,226                     | 59,230       |
| Cash and cash equivalents - July 1, 2017  | (8,063)                 | 113,871                           | 126,671                    | 232,479      |
| Cash and cash equivalents - June 30, 2018   | \$ (9,943)              | \$ 99,755                         | \$ 201,897                 | \$ 291,709   |
| <b>Reconciliation of Operating Income (Loss)<br/>to Net Cash provided by (used for)</b>                     |                         |                                   |                            |              |
| <b>Operating Activities:</b>  |                         |                                   |                            |              |
| Operating income (loss)   | \$ (201,678)            | \$ (14,368)                       | \$ 75,226                  | \$ (140,820) |
| Adjustments to reconcile operating income<br>(loss) to cash provided by (used for)<br>operating activities: |                         |                                   |                            |              |
| Depreciation  | 2,310                   | -                                 | -                          | 2,310        |
| Commodities   | 29,548                  | -                                 | -                          | 29,548       |
| Change in assets and liabilities:   |                         |                                   |                            |              |
| (Increase) decrease in accounts receivables   | (2,843)                 | -                                 | -                          | (2,843)      |
| (Increase) decrease in interfund receivables  | -                       | -                                 | -                          | -            |
| (Increase) decrease in inventories  | 527                     | -                                 | -                          | 527          |
| Increase (decrease) in unearned revenue   | 1,031                   | -                                 | -                          | 1,031        |
| Increase (decrease) in accounts payable   | -                       | -                                 | -                          | -            |
| Net cash provided by (used for) operating activities  | \$ (171,105)            | \$ (14,368)                       | \$ 75,226                  | \$ (110,247) |

**Fiduciary Funds**

**AUDUBON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2018**

|                                     | <u>Trust Funds</u>   |  |                              | <u>Agency Funds</u>         |                        | <u>Totals</u>            |
|-------------------------------------|--|--|------------------------------|-----------------------------|------------------------|--------------------------|
|                                     | <u>Unemployment<br/>Compensation<br/>Insurance<br/>Trust</u> | <u>Flexible<br/>Benefits<br/>Trust</u> | <u>Scholarship<br/>Trust</u> | <u>Student<br/>Activity</u> | <u>Payroll</u>         |                          |
| <b>ASSETS:</b>                      |  |  |                              |                             |                        |                          |
| Cash and cash equivalents           | \$ 73,425  | \$ 1,462                               | \$ 107,701                   | \$ 448,567                  | \$ 2,756               | \$ 633,911               |
| Interfund receivable                | 325,000  | -                                      | -                            | -                           | -                      | 325,000                  |
| <b>Total Assets</b>                 | <b><u>\$ 398,425</u></b>                                     | <b><u>\$ 1,462</u></b>                 | <b><u>\$ 107,701</u></b>     | <b><u>\$ 448,567</u></b>    | <b><u>\$ 2,756</u></b> | <b><u>\$ 958,911</u></b> |
| <b>LIABILITIES:</b>                 |  |  |                              |                             |                        |                          |
| Accounts payable                    | \$ 104   | \$ 574                                 | \$ -                         | \$ -                        | \$ 2,756               | \$ 3,434                 |
| Due to student groups               | -  | -                                      | -                            | 448,567                     | -                      | 448,567                  |
| <b>Total Liabilities</b>            | <b><u>104</u></b>  | <b><u>574</u></b>                      | <b><u>-</u></b>              | <b><u>\$ 448,567</u></b>    | <b><u>\$ 2,756</u></b> | <b><u>452,001</u></b>    |
| <b>NET POSITION:</b>                |  |  |                              |                             |                        |                          |
| Held in trust for payment of claims | 398,321  | 888                                    | -                            | -                           | -                      | 399,209                  |
| Held in trust for scholarships      | -  | -                                      | 107,701                      | -                           | -                      | 107,701                  |
| <b>Total Net Position</b>           | <b><u>\$ 398,321</u></b>                                     | <b><u>\$ 888</u></b>                   | <b><u>\$ 107,701</u></b>     | <b><u>-</u></b>             | <b><u>-</u></b>        | <b><u>\$ 506,910</u></b> |

**AUDUBON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2018**

|                               | <u>Flexible<br/>Benefits<br/>Trust<br/>Fund</u> | <u>Scholarship<br/>Trust<br/>Fund</u> | <u>Unemployment<br/>Compensation<br/>Insurance<br/>Trust Fund</u> | <u>Totals</u>     |
|-------------------------------|---|---------------------------------------|---|-------------------|
| <b>ADDITIONS:</b>             |   |                                       |   |                   |
| Interest on investments       | \$ 21   | \$ 393                                | \$ 217  | \$ 631            |
| Donations                     | -   | 24,130                                | -   | 24,130            |
| Contributions                 | <u>19,950</u>                                   | <u>          </u>                     | <u>49,890</u>   | <u>69,840</u>     |
| Total Additions               | <u>19,971</u>                                   | <u>24,523</u>                         | <u>50,107</u>   | <u>94,601</u>     |
| <b>DEDUCTIONS:</b>            |   |                                       |   |                   |
| Claims paid                   | 20,488  |                                       | 37,938  | 58,426            |
| Scholarships paid             | <u>-</u>  | <u>13,725</u>                         | <u>-</u>  | <u>13,725</u>     |
| Total Deductions              | <u>20,488</u>                                   | <u>13,725</u>                         | <u>37,938</u>   | <u>72,151</u>     |
| Change in Net Position        | (517)   | 10,798                                | 12,169  | 22,450            |
| Net Position -- July 1, 2017  | <u>1,405</u>                                    | <u>96,903</u>                         | <u>386,152</u>  | <u>484,460</u>    |
| Net Position -- June 30, 2018 | <u>\$ 888</u>                                   | <u>\$ 107,701</u>                     | <u>\$ 398,321</u>   | <u>\$ 506,910</u> |

**AUDUBON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2018**

|                          | <u>Balance<br/>July 1, 2017</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Disbursements</u> | <u>Transfers</u> | <u>Balance<br/>June 30, 2018</u> |
|--------------------------|---------------------------------|--------------------------|-------------------------------|------------------|----------------------------------|
| High School              | \$ 167,524                      | \$ 303,285               | \$ 311,594                    | \$ 5,010         | \$ 164,225                       |
| Haviland Avenue School   | 8,277                           | 860                      | 1,186                         | 32               | 7,983                            |
| Mansion Avenue School    | 19,720                          | 48,736                   | 63,156                        | 2,157            | 7,457                            |
| Class Accounts           | 63,224                          | 28,840                   | 20,020                        | (946)            | 71,098                           |
| Field Trips              | -                               | 30,099                   | 26,839                        | (2,877)          | 383                              |
| Miscellaneous            | 128,523                         | 51,715                   | 85,635                        | (3,066)          | 91,537                           |
| Athletic Reserve         | 84,581                          | 111,763                  | 91,150                        | (60)             | 105,134                          |
| Athletic Account         | (127)                           | 40,277                   | 39,399                        | -                | 751                              |
| <b>Total all schools</b> | <u>\$ 471,722</u>               | <u>\$ 615,575</u>        | <u>\$ 638,979</u>             | <u>\$ 250</u>    | <u>\$ 448,568</u>                |

**AUDUBON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payrol Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2018**

|                                     | <u>Balance</u><br><u>July 1, 2017</u> | <u>Additions</u>     | <u>Deletions</u>     | <u>Balance</u><br><u>June 30, 2018</u> |
|-------------------------------------|---------------------------------------|----------------------|----------------------|--|
| <b>ASSETS:</b>                      |                                       |                      |                      |  |
| Cash and cash equivalents           | \$ -                                  | \$ 17,899,426        | \$ 17,896,670        | \$ 2,756                               |
| <b>Total Assets</b>                 | <u>\$ -</u>                           | <u>\$ 17,899,426</u> | <u>\$ 17,896,670</u> | <u>\$ 2,756</u>                        |
| <br><b>LIABILITIES:</b>             |                                       |                      |                      |  |
| Net payroll                         | \$ -                                  | \$ 8,812,038         | \$ 8,812,038         | \$ -                                   |
| Summer savings                      | -                                     | 646,464              | 646,464              | -                                      |
| Interfund payable                   | -                                     | 857                  | 857                  | -                                      |
| Payroll deductions and withholdings | -                                     | 8,440,067            | 8,437,311            | 2,756                                  |
| <b>Total Liabilities</b>            | <u>\$ -</u>                           | <u>\$ 17,899,426</u> | <u>\$ 17,896,670</u> | <u>\$ 2,756</u>                        |

**Long-Term Debt Schedules**

**AUDUBON SCHOOL DISTRICT  
Statement of Serial Bonds  
For the Fiscal Year Ended June 30, 2018**

| <u>Issue</u>                  | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> |               | <u>Interest Rate</u> | <u>Balance July 1, 2017</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2018</u> |
|-------------------------------|----------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|---------------|----------------|------------------------------|
|                               |                      |                        | <u>Date</u>              | <u>Amount</u> |                      |                             |               |                |                              |
| Refunding bonds of 2012 Issue | 1/15/12              | \$ 8,870,000           | 1/15/19                  | \$ 775,000    | 2.000%               | \$ 6,395,000                | \$ -          | \$ 740,000     | \$ 5,655,000                 |
|                               |                      |                        | 1/15/20                  | 730,000       | 3.000%               |                             |               |                |                              |
|                               |                      |                        | 1/15/21                  | 770,000       | 3.000%               |                             |               |                |                              |
|                               |                      |                        | 1/15/22                  | 785,000       | 4.000%               |                             |               |                |                              |
|                               |                      |                        | 1/15/23                  | 815,000       | 4.000%               |                             |               |                |                              |
|                               |                      |                        | 1/15/24                  | 880,000       | 4.000%               |                             |               |                |                              |
|                               |                      |                        | 1/15/25                  | 900,000       | 4.000%               |                             |               |                |                              |
|                               |                      |                        |                          |               | \$ 6,395,000         | \$ -                        | \$ 740,000    | \$ 5,655,000   |                              |



**AUDUBON SCHOOL DISTRICT**  
**Statement of Obligations Under Capital Leases**  
**For the Fiscal Year Ended June 30, 2018**

| Series                        | Date of Lease | Maturity Date | Interest Rate | Amount of Original Issue |           | Amount Outstanding July 1, 2017 | Issued            | Retired           | Amount Outstanding June 30, 2018 |
|-------------------------------|---------------|---------------|---------------|--------------------------|-----------|---------------------------------|-------------------|-------------------|----------------------------------|
|                               |               |               |               | Principal                | Interest  |                                 |                   |                   |                                  |
| Facilities Lease - Ground Use | 07/01/14      | 07/01/18      | 1.48%         | \$ 500,000               | \$ 19,183 | \$ 253,940                      | \$ -              | \$ 126,037        | \$ 127,903                       |
| Chromebooks                   | 08/01/15      | 08/01/18      | 1.99%         | 176,587                  | 5,253     | 88,276                          |                   | 43,703            | 44,573                           |
| Chromebooks/IT Equipment      | 01/18/17      | 01/18/19      | 2.45%         | 80,000                   | 1,944     | 52,686                          |                   | 26,025            | 26,661                           |
| Chromebooks/HVAC              | 08/01/17      | 08/01/22      | 2.29%         | 380,000                  | 22,740    |                                 | 380,000           | 27,253            | 352,747                          |
|                               |               |               |               |                          |           | <u>\$ 394,902</u>               | <u>\$ 380,000</u> | <u>\$ 223,018</u> | <u>\$ 551,884</u>                |

**AUDUBON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2018**

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to<br>Actual |
|--|--------------------|---------------------|-----------------|----------------|--------------------------------|
| <b>REVENUES:</b>   |                    |                     |                 |                |                                |
| Local sources:   |                    |                     |                 |                |                                |
| Local tax levy   | \$ 950,500         | \$ -                | \$ 950,500      | \$ 950,500     | \$ -                           |
| <b>Total Revenues</b>  | <b>950,500</b>     |                     | <b>950,500</b>  | <b>950,500</b> |                                |
| <b>EXPENDITURES:</b>   |                    |                     |                 |                |                                |
| Regular debt service:  |                    |                     |                 |                |                                |
| Interest   | 210,500            |                     | 210,500         | 210,500        |                                |
| Redemption of principal  | 740,000            |                     | 740,000         | 740,000        |                                |
| <b>Total regular debt service</b>  | <b>950,500</b>     |                     | <b>950,500</b>  | <b>950,500</b> |                                |
| Excess (Deficiency) of revenues over<br>(under) expenditures   |                    |                     |                 |                |                                |
| Other Financing Sources:   |                    |                     |                 |                |                                |
| Operating transfers in   |                    |                     |                 |                |                                |
| Excess (Deficiency) of Revenues and Other<br>Financing Sources Over (Under) Expenditures<br>and Other Financing Sources (Uses) |                    |                     |                 |                |                                |
| Fund Balance - July 1, 2017  |                    |                     |                 |                |                                |
| Fund Balance - June 30, 2018   | <u>\$ -</u>        | <u>\$ -</u>         | <u>\$ -</u>     | <u>\$ -</u>    | <u>\$ -</u>                    |

**Statistical Section**

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

J-1

|   | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Governmental activities:</b>             |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 10,539,513 | \$ 10,621,108 | \$ 10,778,212 | \$ 10,583,784 | \$ 11,049,885 | \$ 11,602,230 | \$ 12,095,981 | \$ 12,196,150 | \$ 12,417,712 | \$ 12,542,115 |
| Restricted for:                             |               |               |               |               |               |               |               |               |               |               |
| Capital projects                            | 135,890       | 150,809       | 45,790        | 45,790        | 145,790       | 145,905       | 146,090       | 146,291       | 146,657       | 85,140        |
| Debt service                                | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Other purposes                              | 265,101       | 625,184       | 483,461       | 837,735       | 626,114       | 696,463       | 481,177       | 331,499       | 145,925       | 132,322       |
| Unrestricted                                | (1,528,614)   | (1,570,690)   | (1,338,067)   | (1,274,859)   | (1,394,258)   | (1,312,237)   | (7,002,443)   | (7,119,250)   | (8,064,793)   | (8,490,128)   |
| Total governmental activities net position  | \$ 9,411,890  | \$ 9,826,411  | \$ 9,969,398  | \$ 10,172,430 | \$ 10,427,531 | \$ 11,132,361 | \$ 5,720,805  | \$ 5,554,690  | \$ 4,645,501  | \$ 4,269,449  |
| <b>Business-type activities:</b>            |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 17,190     | \$ 14,130     | \$ 23,521     | \$ 23,814     | \$ 23,888     | \$ 18,548     | \$ 14,558     | \$ 11,738     | \$ 9,098      | \$ 6,788      |
| Unrestricted                                | 153,976       | 175,316       | 176,786       | 152,321       | 165,767       | 187,347       | 164,077       | 182,882       | 241,992       | 303,465       |
| Total business-type activities net position | \$ 171,166    | \$ 189,446    | \$ 200,307    | \$ 176,135    | \$ 189,655    | \$ 205,895    | \$ 178,635    | \$ 194,620    | \$ 251,090    | \$ 310,253    |
| <b>District-wide:</b>                       |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 10,556,703 | \$ 10,635,238 | \$ 10,801,733 | \$ 10,587,578 | \$ 11,073,773 | \$ 11,620,778 | \$ 12,110,539 | \$ 12,207,888 | \$ 12,426,810 | \$ 12,548,903 |
| Restricted:                                 |               |               |               |               |               |               |               |               |               |               |
| Capital projects                            | 135,890       | 150,809       | 45,790        | 45,790        | 145,790       | 145,905       | 146,090       | 146,291       | 146,657       | 85,140        |
| Debt service                                | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Other purposes                              | 265,101       | 625,184       | 483,461       | 837,735       | 626,114       | 696,463       | 481,177       | 331,499       | 145,925       | 132,322       |
| Unrestricted                                | (1,374,638)   | (1,395,374)   | (1,161,281)   | (1,122,538)   | (1,228,491)   | (1,124,890)   | (6,838,366)   | (6,936,368)   | (7,822,801)   | (8,186,663)   |
| Total district net position                 | \$ 9,583,056  | \$ 10,015,857 | \$ 10,169,703 | \$ 10,348,565 | \$ 10,617,186 | \$ 11,338,256 | \$ 5,899,440  | \$ 5,749,310  | \$ 4,896,591  | \$ 4,579,702  |

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

|  | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Expenses:</b>                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Instruction:                                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Regular  | \$ 6,700,138         | \$ 7,415,608         | \$ 6,896,055         | \$ 6,699,651         | \$ 6,732,336         | \$ 7,186,016         | \$ 7,227,391         | \$ 7,583,364         | \$ 7,452,116         | \$ 7,567,373         |
| Special education                              | 1,487,508            | 1,583,603            | 1,638,030            | 2,103,198            | 2,135,574            | 2,140,613            | 2,207,045            | 2,253,829            | 2,469,216            | 2,425,795            |
| Other instruction                              | 977,813              | 978,986              | 1,061,682            | 1,124,921            | 1,104,222            | 1,120,653            | 1,180,005            | 1,133,322            | 1,222,567            | 1,325,674            |
| Support Services:                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Tuition  | 610,272              | 590,942              | 789,288              | 981,328              | 913,270              | 918,019              | 881,553              | 892,113              | 982,256              | 943,195              |
| Student & instruction related services         | 2,036,527            | 2,140,961            | 2,208,581            | 2,194,156            | 2,270,838            | 2,404,025            | 2,590,979            | 2,635,317            | 2,758,572            | 2,890,303            |
| General administrative services                | 370,343              | 373,972              | 404,882              | 468,260              | 400,541              | 346,080              | 440,310              | 402,459              | 472,822              | 437,176              |
| School administrative services                 | 897,418              | 932,150              | 935,505              | 982,722              | 1,015,206            | 1,000,431            | 985,567              | 1,020,320            | 881,659              | 833,710              |
| Central administrative services                | 427,657              | 428,175              | 431,545              | 492,729              | 525,491              | 541,492              | 584,814              | 560,121              | 525,996              | 515,821              |
| Plant operations and maintenance               | 1,818,448            | 1,618,874            | 1,849,599            | 1,725,813            | 1,753,205            | 1,928,504            | 1,861,450            | 2,109,641            | 1,972,186            | 2,039,379            |
| Pupil transportation                           | 324,768              | 357,905              | 334,505              | 341,603              | 350,664              | 366,696              | 410,566              | 525,864              | 557,287              | 511,212              |
| Business and other support services            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Unallocated employee benefits                  | 5,090,561            | 4,745,626            | 4,794,167            | 5,234,737            | 5,909,433            | 5,697,808            | 6,303,817            | 6,642,863            | 8,150,827            | 17,623,729           |
| Transfer of funds to charter school            |                      |                      |                      |                      | 22,128               | -                    |                      |                      |                      |                      |
| Interest on long-term debt                     | 516,610              | 493,454              | 466,463              | 701,040              | 70,205               | 274,846              | 256,000              | 241,000              | 218,679              | 203,717              |
| Unallocated depreciation                       | 612,272              | 610,369              | 616,756              | 626,219              | 874,409              | 624,744              | 661,596              | 662,534              | 666,103              | 680,632              |
| Total governmental activities expenses         | <u>21,870,335</u>    | <u>22,270,625</u>    | <u>22,427,058</u>    | <u>23,676,377</u>    | <u>24,077,522</u>    | <u>24,549,927</u>    | <u>25,591,093</u>    | <u>26,662,747</u>    | <u>28,330,286</u>    | <u>37,997,716</u>    |
| Business-type activities:                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Food service                                   | 455,114              | 446,507              | 432,216              | 427,496              | 437,162              | 448,963              | 460,429              | 501,262              | 476,277              | 448,327              |
| Community education                            | 80,511               | 90,748               | 76,943               | 72,997               | 100,834              | 101,462              | 114,221              | 78,619               | 84,452               | 84,877               |
| After school program                           | 104,680              | 94,206               | 110,980              | 108,892              | 104,917              | 105,705              | 116,343              | 126,586              | 116,114              | 102,994              |
| Total business-type activities expense         | <u>640,305</u>       | <u>631,461</u>       | <u>620,139</u>       | <u>609,385</u>       | <u>642,913</u>       | <u>656,130</u>       | <u>690,993</u>       | <u>706,467</u>       | <u>676,843</u>       | <u>636,198</u>       |
| Total district expenses                        | <u>\$ 22,510,640</u> | <u>\$ 22,902,086</u> | <u>\$ 23,047,197</u> | <u>\$ 24,285,762</u> | <u>\$ 24,720,435</u> | <u>\$ 25,206,057</u> | <u>\$ 26,282,086</u> | <u>\$ 27,369,214</u> | <u>\$ 29,007,129</u> | <u>\$ 38,633,914</u> |
| <b>Program Revenues:</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services:                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Instruction (tuition)                          | \$ 3,887,698         | \$ 2,486,013         | \$ 2,702,485         | \$ 2,861,756         | \$ 2,749,838         | \$ 2,679,181         | \$ 2,544,829         | \$ 2,845,523         | \$ 2,869,004         | \$ 2,875,966         |
| Operating grants and contributions             | 1,956,388            | 2,236,642            | 2,163,176            | 2,362,867            | 2,919,690            | 2,661,888            | 3,229,974            | 3,289,702            | 3,626,555            | 13,298,972           |
| Capital grants and contributions               | 8,098                |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Total governmental activities program revenues | <u>5,852,184</u>     | <u>4,722,655</u>     | <u>4,865,661</u>     | <u>5,224,623</u>     | <u>5,669,528</u>     | <u>5,341,069</u>     | <u>5,774,803</u>     | <u>6,135,225</u>     | <u>6,495,559</u>     | <u>16,174,938</u>    |

(Continued)

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

|  | 2009           | 2010            | 2011           | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            |
|--|----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Business-type activities:</b>                           |                |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Charges for services:                                      |                |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Food service   | \$ 339,234     | \$ 313,605      | \$ 274,866     | \$ 241,804      | \$ 245,537      | \$ 246,017      | \$ 243,854      | \$ 252,643      | \$ 272,077      | \$ 246,649      |
| Community education  | 91,663         | 90,990          | 85,087         | 83,655          | 105,679         | 108,971         | 99,142          | 78,630          | 70,413          | 70,509          |
| After school program                                       | 113,360        | 103,078         | 118,793        | 101,830         | 106,566         | 105,481         | 120,490         | 152,488         | 188,817         | 178,220         |
| Capital grants and contributions                           |                |                 |                |                 | 5,360           | -               |                 |                 |                 |                 |
| Operating grants and contributions                         | 110,552        | 118,415         | 117,742        | 145,719         | 162,848         | 173,809         | 180,209         | 185,654         | 179,310         | 174,731         |
| Total business type activities program revenues            | 654,809        | 626,088         | 596,486        | 573,008         | 625,990         | 634,278         | 643,695         | 669,415         | 710,617         | 670,109         |
| Total district program revenues                            | \$ 6,506,993   | \$ 5,348,743    | \$ 5,462,149   | \$ 5,797,631    | \$ 6,295,518    | \$ 5,975,347    | \$ 6,418,498    | \$ 6,804,640    | \$ 7,206,176    | \$ 16,845,047   |
| <b>Net (Expense)/Revenue:</b>                              |                |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                                    | \$(16,018,151) | \$ (17,547,970) | \$(17,561,397) | \$ (18,451,754) | \$ (18,407,994) | \$ (19,208,858) | \$ (19,816,290) | \$ (20,527,522) | \$ (21,834,727) | \$ (21,822,778) |
| Business-type activities                                   | 14,504         | (5,373)         | (23,651)       | (36,377)        | (16,923)        | (21,852)        | (47,298)        | (37,052)        | 33,774          | 33,911          |
| Total district-wide net expense                            | \$(16,003,647) | \$ (17,553,343) | \$(17,585,048) | \$ (18,488,131) | \$ (18,424,917) | \$ (19,230,710) | \$ (19,863,588) | \$ (20,564,574) | \$ (21,800,953) | \$ (21,788,867) |
| <b>General Revenues and Other Changes in Net Position:</b> |                |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                                   |                |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Property taxes levied for general purposes, net            | \$ 9,219,733   | \$ 9,328,923    | \$ 9,813,891   | \$ 10,010,169   | \$ 10,110,372   | \$ 10,312,579   | \$ 10,518,831   | \$ 10,729,208   | \$ 11,153,792   | \$ 11,599,944   |
| Taxes levied for debt service                              | 868,522        | 921,729         | 960,700        | 1,043,016       | 938,312         | 1,163,570       | 987,503         | 1,011,000       | 980,600         | 950,500         |
| Unrestricted grants and contributions                      | 5,774,930      | 7,516,359       | 6,763,062      | 7,290,221       | 7,455,220       | 8,196,226       | 8,302,588       | 8,391,845       | 8,502,226       | 8,582,551       |
| Investment earnings  | 2,797          | 14,919          | 194            |                 |                 |                 |                 |                 |                 |                 |
| Miscellaneous income                                       | 237,469        | 202,561         | 199,633        | 322,736         | 263,243         | 279,313         | 269,265         | 282,314         | 311,420         | 338,731         |
| Prior year payables cancelled                              |                |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Prior year receivables cancelled                           | (45,153)       |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Loss on disposal of assets                                 |                |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Transfers  | (10,000)       | (22,000)        | (33,098)       | (11,354)        | (30,000)        | (38,000)        | (20,000)        | (52,960)        | (22,500)        | (25,000)        |
| Total governmental activities                              | 16,048,298     | 17,962,491      | 17,704,382     | 18,654,788      | 18,737,147      | 19,913,688      | 20,058,187      | 20,361,407      | 20,925,538      | 21,446,726      |
| Business-type activities:                                  |                |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Investment earnings  | 1,666          | 1,653           | 1,414          | 851             | 443             | 92              | 38              | 77              | 196             | 252             |
| Prior year payables cancelled                              | 20,018         |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Transfers  | 10,000         | 22,000          | 33,098         | 11,354          | 30,000          | 38,000          | 20,000          | 52,960          | 22,500          | 25,000          |
| Total business-type activities                             | 31,684         | 23,653          | 34,512         | 12,205          | 30,443          | 38,092          | 20,038          | 53,037          | 22,696          | 25,252          |
| Total district-wide  | \$ 16,079,982  | \$ 17,986,144   | \$ 17,738,894  | \$ 18,666,993   | \$ 18,767,590   | \$ 19,951,780   | \$ 20,078,225   | \$ 20,414,444   | \$ 20,948,234   | \$ 21,471,978   |
| <b>Change in Net Position:</b>                             |                |                 |                |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                                    | \$ 30,147      | \$ 414,521      | \$ 142,985     | \$ 203,034      | \$ 329,153      | \$ 704,830      | \$ 241,897      | \$ (166,115)    | \$ (909,189)    | \$ (376,052)    |
| Business-type activities                                   | 46,188         | 18,280          | 10,861         | (24,172)        | 13,520          | 16,240          | (27,260)        | 15,985          | 56,470          | 59,163          |
| Total district-wide  | \$ 76,335      | \$ 432,801      | \$ 153,846     | \$ 178,862      | \$ 342,673      | \$ 721,070      | \$ 214,637      | \$ (150,130)    | \$ (852,719)    | \$ (316,889)    |

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

|   | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017                | 2018                |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| General Fund:                                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Restricted for:                                 |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Capital reserve                                 | \$ 105,213        | \$ 120,132        | \$ 15,113         | \$ 15,113         | \$ 115,113        | \$ 115,228        | \$ 115,413        | \$ 115,614        | \$ 115,980          | \$ 85,140           |
| Future tuition payments                         | 214,040           | 375,184           | 233,461           | 72,317            | -                 | -                 | -                 | -                 | -                   | -                   |
| Excess surplus                                  |                   |                   |                   | 302,713           | 112,272           | 192,856           | 85,637            | 45,925            |                     |                     |
| Excess surplus - designated for subsequent year |                   |                   |                   |                   | 302,713           | 112,272           | 192,856           | 85,637            | 45,925              |                     |
| Assigned to:                                    |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Year-end Encumbrances                           | 1,061             |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Designated for subsequent year's budget         | 50,000            | 250,000           | 250,000           | 462,705           | 192,632           | 372,838           | 202,684           | 199,937           | 100,000             | 132,322             |
| Unassigned                                      | (203,576)         | (305,912)         | (179,525)         | (217,511)         | (217,959)         | (267,154)         | (341,078)         | (328,925)         | (365,392)           | (396,784)           |
| Total general fund                              | <u>\$ 166,738</u> | <u>\$ 439,404</u> | <u>\$ 319,049</u> | <u>\$ 635,337</u> | <u>\$ 504,771</u> | <u>\$ 526,040</u> | <u>\$ 255,512</u> | <u>\$ 118,188</u> | <u>\$ (103,487)</u> | <u>\$ (179,322)</u> |
| All Other Governmental Funds                    |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Unreserved, reported in:                        |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Special revenue fund                            |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Capital projects fund                           | \$ 30,677         | \$ 30,677         | \$ 30,677         | \$ 30,677         | \$ 30,677         | \$ 30,677         | \$ 30,677         | \$ 30,677         | \$ 30,677           | \$ -                |
| Debt service fund                               |                   |                   |                   |                   | 18,497            | 18,497            |                   |                   |                     |                     |
| Total all other governmental funds              | <u>\$ 30,677</u>  | <u>\$ 30,677</u>  | <u>\$ 30,677</u>  | <u>\$ 30,677</u>  | <u>\$ 49,174</u>  | <u>\$ 49,174</u>  | <u>\$ 30,677</u>  | <u>\$ 30,677</u>  | <u>\$ 30,677</u>    | <u>\$ -</u>         |

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

|  | 2009                | 2010              | 2011                | 2012              | 2013                | 2014              | 2015                | 2016                | 2017                | 2018                |
|--|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>  |                     |                   |                     |                   |                     |                   |                     |                     |                     |                     |
| Tax levy   | \$ 10,088,255       | \$ 10,250,652     | \$ 10,774,591       | \$ 11,053,185     | \$ 11,048,684       | \$ 11,476,149     | \$ 11,506,334       | \$ 11,740,208       | \$ 12,134,392       | \$ 12,550,444       |
| Tuition charges  | 3,887,698           | 2,486,013         | 2,702,485           | 2,861,756         | 2,749,838           | 2,679,181         | 2,544,829           | 2,845,523           | 2,869,004           | 2,875,966           |
| Interest earnings  | 2,797               | 14,919            | 194                 |                   |                     |                   |                     |                     |                     |                     |
| Miscellaneous  | 237,469             | 202,561           | 199,633             | 322,736           | 263,243             | 279,313           | 269,265             | 282,314             | 311,420             | 338,731             |
| State sources  | 7,333,170           | 7,994,764         | 8,352,205           | 8,897,683         | 9,811,571           | 10,206,082        | 10,844,166          | 11,009,236          | 11,484,857          | 12,014,365          |
| Federal sources  | 406,246             | 1,767,086         | 574,033             | 755,405           | 563,339             | 652,032           | 688,396             | 672,311             | 643,924             | 634,446             |
| <b>Total revenue</b>   | <b>21,955,635</b>   | <b>22,715,995</b> | <b>22,603,141</b>   | <b>23,890,765</b> | <b>24,436,675</b>   | <b>25,292,757</b> | <b>25,852,990</b>   | <b>26,549,592</b>   | <b>27,443,597</b>   | <b>28,413,952</b>   |
| <b>Expenditures</b>  |                     |                   |                     |                   |                     |                   |                     |                     |                     |                     |
| <b>Instruction</b>   |                     |                   |                     |                   |                     |                   |                     |                     |                     |                     |
| Regular instruction  | 6,803,687           | 7,324,777         | 6,982,983           | 6,629,431         | 6,732,283           | 7,279,627         | 7,245,205           | 7,651,790           | 7,466,250           | 7,461,221           |
| Special education instruction                                    | 1,487,508           | 1,583,603         | 1,638,030           | 2,103,198         | 2,135,574           | 2,140,613         | 2,207,045           | 2,253,829           | 2,469,216           | 2,425,795           |
| Other instruction  | 977,813             | 978,986           | 1,061,682           | 1,124,921         | 1,104,222           | 1,120,653         | 1,180,005           | 1,133,322           | 1,222,567           | 1,325,674           |
| <b>Support Services:</b>   |                     |                   |                     |                   |                     |                   |                     |                     |                     |                     |
| Tuition  | 610,272             | 590,942           | 789,288             | 981,328           | 913,270             | 918,019           | 881,553             | 892,113             | 982,256             | 943,195             |
| Student & instruction related services                           | 2,036,527           | 2,149,810         | 2,208,581           | 2,194,156         | 2,270,838           | 2,404,025         | 2,590,979           | 2,635,317           | 2,758,572           | 2,890,303           |
| General administration   | 364,370             | 370,483           | 404,132             | 467,745           | 400,261             | 345,800           | 440,030             | 402,179             | 451,409             | 415,763             |
| School administrative services                                   | 897,418             | 932,150           | 935,505             | 982,722           | 1,015,206           | 1,000,431         | 985,567             | 1,020,320           | 881,659             | 833,710             |
| Central services   | 427,657             | 428,175           | 431,545             | 492,729           | 525,491             | 541,492           | 584,814             | 560,121             | 525,996             | 515,821             |
| Plant operations and maintenance                                 | 1,785,104           | 1,751,800         | 1,793,283           | 1,706,521         | 1,665,454           | 1,746,430         | 1,737,874           | 1,771,100           | 1,760,372           | 1,793,141           |
| Pupil transportation   | 316,517             | 346,644           | 325,132             | 332,230           | 340,979             | 350,902           | 394,772             | 510,070             | 557,007             | 510,932             |
| Other support services   |                     |                   |                     |                   |                     |                   |                     |                     |                     |                     |
| Employee benefits  | 5,090,561           | 4,745,626         | 4,794,167           | 5,234,737         | 5,909,433           | 5,697,808         | 6,291,850           | 6,421,304           | 7,206,401           | 8,083,320           |
| Transfer of funds to charter school                              |                     |                   |                     |                   | 22,128              | -                 | -                   | -                   | -                   | -                   |
| Capital outlay   | 289,816             | 152,198           | 250,691             | 453,291           | 456,426             | 418,608           | 1,076,321           | 548,078             | 460,467             | 726,089             |
| <b>Debt service:</b>   |                     |                   |                     |                   |                     |                   |                     |                     |                     |                     |
| Principal  | 505,000             | 565,000           | 600,000             | 705,000           | 770,000             | 970,000           | 750,000             | 770,000             | 755,000             | 740,000             |
| Interest and other charges                                       | 523,098             | 501,135           | 475,379             | 450,291           | 257,179             | 289,080           | 256,000             | 241,000             | 225,600             | 210,500             |
| <b>Total expenditures</b>  | <b>22,115,348</b>   | <b>22,421,329</b> | <b>22,690,398</b>   | <b>23,858,300</b> | <b>24,518,744</b>   | <b>25,223,488</b> | <b>26,622,015</b>   | <b>26,810,543</b>   | <b>27,722,772</b>   | <b>28,875,464</b>   |
| <b>Excess (Deficiency) of revenues over (under) expenditures</b> | <b>(159,713)</b>    | <b>294,666</b>    | <b>(87,257)</b>     | <b>32,465</b>     | <b>(82,069)</b>     | <b>69,269</b>     | <b>(769,025)</b>    | <b>(260,951)</b>    | <b>(279,175)</b>    | <b>(461,512)</b>    |
| <b>Other Financing sources (uses)</b>                            |                     |                   |                     |                   |                     |                   |                     |                     |                     |                     |
| Prior year accounts payable canceled                             | (45,153)            |                   |                     |                   |                     |                   |                     |                     |                     |                     |
| Capital lease (nonbudgeted)                                      |                     |                   |                     | 295,177           | -                   | -                 | 500,000             | 176,587             | 80,000              | 380,000             |
| Transfers in   |                     |                   |                     |                   |                     |                   |                     |                     |                     | 32,713              |
| Transfers out  | (10,000)            | (22,000)          | (33,098)            | (11,354)          | (30,000)            | (38,000)          | (20,000)            | (52,960)            | (22,500)            | (57,713)            |
| <b>Total other financing sources (uses)</b>                      | <b>(55,153)</b>     | <b>(22,000)</b>   | <b>(33,098)</b>     | <b>283,823</b>    | <b>(30,000)</b>     | <b>(38,000)</b>   | <b>480,000</b>      | <b>123,627</b>      | <b>57,500</b>       | <b>355,000</b>      |
| <b>Net change in fund balances</b>                               | <b>\$ (214,866)</b> | <b>\$ 272,666</b> | <b>\$ (120,355)</b> | <b>\$ 316,288</b> | <b>\$ (112,069)</b> | <b>\$ 31,269</b>  | <b>\$ (289,025)</b> | <b>\$ (137,324)</b> | <b>\$ (221,675)</b> | <b>\$ (106,512)</b> |
| <b>Debt service as a percentage of noncapital expenditures</b>   | <b>4.71%</b>        | <b>4.79%</b>      | <b>4.79%</b>        | <b>4.94%</b>      | <b>4.27%</b>        | <b>5.08%</b>      | <b>3.94%</b>        | <b>3.85%</b>        | <b>3.60%</b>        | <b>3.38%</b>        |

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.



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

J-5

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Interest on</u><br><u>Investments</u> | <u>Tuition</u>       | <u>Prior Year</u><br><u>Refunds</u> | <u>Rentals</u>      | <u>Transfer</u><br><u>From</u><br><u>Unemployment</u> | <u>E-rate</u>    | <u>Pay to</u><br><u>Play</u> | <u>Miscellaneous</u> | <u>Total</u>         |
|--|--|----------------------|-------------------------------------|---------------------|---|------------------|------------------------------|----------------------|----------------------|
| 2009   | \$ 16,396                                | \$ 3,887,698         | \$ 10,807                           | \$ 92,338           | \$ 101,753  | \$ -             | \$ -                         | \$ 18,972            | \$ 4,127,964         |
| 2010   | 24,619                                   | 2,486,013            | 80,563                              | 89,924              |   |                  |                              | 22,374               | 2,703,493            |
| 2011   | 10,284                                   | 2,702,485            | 43,563                              | 95,063              |   |                  | 37,175                       | 13,742               | 2,902,312            |
| 2012   | 8,427                                    | 2,861,756            | 95,257                              | 161,811             |   | 17,400           | 30,412                       | 9,429                | 3,184,492            |
| 2013   | 2,904                                    | 2,749,838            | 37,987                              | 162,419             |   |                  | 14,728                       | 45,205               | 3,013,081            |
| 2014   | 958                                      | 2,679,181            | 22,754                              | 171,572             |   |                  | 43,485                       | 40,429               | 2,958,379            |
| 2015   | 1,034                                    | 2,544,829            | 47,522                              | 164,096             |   |                  | 31,000                       | 25,613               | 2,814,094            |
| 2016   | 1,203                                    | 2,845,523            | 17,844                              | 165,993             |   |                  | 41,382                       | 55,892               | 3,127,837            |
| 2017   | 2,282                                    | 2,869,004            | 9,185                               | 170,043             |   |                  | 30,000                       | 99,543               | 3,180,057            |
| 2018   | 5,489                                    | 2,875,966            | 63,763                              | 166,443             |   |                  | 38,000                       | 65,036               | 3,214,697            |
|  | <u>\$ 73,596</u>                         | <u>\$ 28,502,293</u> | <u>\$ 429,245</u>                   | <u>\$ 1,439,702</u> | <u>\$ 101,753</u>                                     | <u>\$ 17,400</u> | <u>\$ 266,182</u>            | <u>\$ 396,235</u>    | <u>\$ 31,226,406</u> |

Source: District records

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

| Fiscal Year Ended June 30, | Vacant Land  | Residential    | Commercial     | Industrial | Apartment     | Total Assessed Value | Public Utilities<br>a | Net Valuation Taxable | Tax-Exempt Property | Total Direct School Tax Rate<br>b | Estimated Actual (County Equalized) Value |
|----------------------------|--------------|----------------|----------------|------------|---------------|----------------------|-----------------------|-----------------------|---------------------|-----------------------------------|---|
| 2009 R                     | \$ 3,140,550 | \$ 627,251,600 | \$ 100,783,204 | \$ 750,900 | \$ 17,213,600 | \$ 749,139,854       | \$ 1,660,744          | \$ 750,800,598        | \$ 54,500,900       | 1.362                             | \$ 773,143,706                            |
| 2010                       | 2,953,500    | 625,218,800    | 99,007,104     | 590,000    | 16,028,100    | 743,797,504          | 2,093,216             | 745,890,720           | 56,378,200          | 1.412                             | 762,460,046                               |
| 2011                       | 2,378,000    | 623,609,000    | 96,257,804     | 590,000    | 14,307,500    | 737,142,304          | 1,639,236             | 738,781,540           | 56,764,700          | 1.457                             | 749,039,997                               |
| 2012                       | 2,028,300    | 621,741,700    | 95,548,404     | 590,000    | 14,307,500    | 734,215,904          | 1,555,827             | 735,771,731           | 56,764,700          | 1.459                             | 753,330,922                               |
| 2013                       | 1,897,000    | 621,118,700    | 94,902,804     | 590,000    | 14,307,500    | 732,816,004          | 1,520,417             | 734,336,421           | 56,945,600          | 1.515                             | 750,311,856                               |
| 2014                       | 1,532,100    | 619,210,500    | 94,165,104     | 350,000    | 14,401,400    | 729,659,104          | 1,361,953             | 731,021,057           | 57,043,900          | 1.569                             | 712,557,462                               |
| 2015                       | 1,537,300    | 614,309,900    | 92,964,504     | 350,000    | 14,041,400    | 723,203,104          | 1,391,805             | 724,594,909           | 57,238,600          | 1.612                             | 676,151,844                               |
| 2016                       | 1,465,800    | 612,163,600    | 92,464,704     | 350,000    | 14,041,400    | 720,485,504          | 1,394,324             | 721,879,828           | 57,541,100          | 1.677                             | 706,053,569                               |
| 2017                       | 1,615,800    | 608,443,000    | 91,511,504     | 350,000    | 14,041,400    | 715,961,704          | 1,374,552             | 717,336,256           | 58,017,900          | 1.744                             | 708,393,534                               |
| 2018                       | 1,598,200    | 607,138,900    | 90,833,104     | 350,000    | 13,973,400    | 713,893,604          | 1,376,377             | 715,269,981           | 57,913,100          | 1.781                             | 721,987,012                               |

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

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

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

J-7

| Fiscal Year Ended June 30, | Audubon School District Direct Rate |                                 |              | Overlapping Rates  |         |               | Total Direct and Overlapping Tax Rate |
|----------------------------|-------------------------------------|---------------------------------|--------------|--------------------|---------|---------------|---------------------------------------|
|                            | Basic Rate                          | General Obligation Debt Service | Total Direct | Borough of Audubon | Library | Camden County |                                       |
| 2009 R                     | \$ 1.239                            | \$ 0.123                        | \$ 1.362     | \$ 0.651           | \$ -    | \$ 0.597      | \$ 2.610                              |
| 2010                       | 1.289                               | 0.123                           | 1.412        | 0.721              |         | 0.625         | 2.758                                 |
| 2011                       | 1.337                               | 0.120                           | 1.457        | 0.734              | 0.033   | 0.680         | 2.904                                 |
| 2012                       | 1.339                               | 0.120                           | 1.459        | 0.775              | 0.034   | 0.742         | 3.010                                 |
| 2013                       | 1.362                               |                                 | 1.362        | 0.807              | 0.034   | 0.802         | 3.005                                 |
| 2014                       | 1.396                               | 0.173                           | 1.569        | 0.825              | 0.032   | 0.785         | 3.211                                 |
| 2015                       | 1.435                               | 0.177                           | 1.612        | 0.825              | 0.031   | 0.755         | 3.223                                 |
| 2016                       | 1.499                               | 0.178                           | 1.677        | 0.823              | 0.033   | 0.818         | 3.351                                 |
| 2017                       | 1.569                               | 0.175                           | 1.744        | 0.835              | 0.033   | 0.829         | 3.441                                 |
| 2018                       | 1.645                               | 0.136                           | 1.781        | 0.849              | 0.033   | 0.851         | 3.514                                 |

Source: Municipal Tax Collector

R Reassessment

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

J-8

115

| Taxpayer                    | 2018                   |  |
|-----------------------------|------------------------|--|
|                             | Taxable Assessed Value | % of Total District Net Assessed Value |
| Wolfson Group, LLC          | \$ 17,810,500          | 2.49%                                  |
| Wolfson Group, LLC          | 14,310,600             | 2.00%                                  |
| Supervalu                   | 9,000,000              | 1.26%                                  |
| PSE&G                       | 3,500,000              | 0.49%                                  |
| Audubon Equities, LLC       | 1,750,000              | 0.24%                                  |
| Oak Terrace Apartments, LLC | 1,700,000              | 0.24%                                  |
| Lee Associates              | 1,378,200              | 0.19%                                  |
| Bell Atlantic               | 1,394,324              | 0.19%                                  |
| Audubon Savings Bank        | 1,264,100              | 0.18%                                  |
| Castle Arms                 | 1,200,000              | 0.17%                                  |
| <b>Total</b>                | <b>\$ 53,307,724</b>   | <b>7.45%</b>                           |

| Taxpayer                      | 2009                   |  |
|-------------------------------|------------------------|--|
|                               | Taxable Assessed Value | % of Total District Net Assessed Value |
| Audubon Ventures              | \$ 13,002,100          | 1.73%                                  |
| Public Service Electric & Gas | 3,601,900              | 0.48%                                  |
| Imperial Reality Association  | 1,560,000              | 0.21%                                  |
| Oak Terrace Apartments, LLC   | 1,310,700              | 0.17%                                  |
| Audubon Equities, LLC         | 1,006,100              | 0.13%                                  |
| Benjamin Company              | 825,000                | 0.11%                                  |
| Audubon Pharmacy Co.          | 753,100                | 0.10%                                  |
| WANN, LLC                     | 710,000                | 0.09%                                  |
| 622 Castle Arms, LLC          | 700,000                | 0.09%                                  |
| Guy E. Elzy, Jr.              | 625,000                | 0.08%                                  |
| <b>Total</b>                  | <b>\$ 24,093,900</b>   | <b>3.21%</b>                           |

Source: Municipal Tax Assessor

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

J-9

| Fiscal Year Ended<br>June 30, | Taxes Levied<br>for the<br>Calendar Year | Collected within the Fiscal Year<br>of the Levy <sup>a</sup> |                       | Collections<br>in<br>Subsequent<br>Years |
|-------------------------------|--|--|-----------------------|--|
|                               |  | Amount   | Percentage of<br>Levy |  |
| 2009                          | \$ 10,088,255                            | \$ 10,088,255  | 100.00%               | -  |
| 2010                          | 10,235,157                               | 10,235,157   | 100.00%               | -  |
| 2011                          | 10,774,591                               | 10,774,591   | 100.00%               | -  |
| 2012                          | 11,053,185                               | 11,053,185   | 100.00%               | -  |
| 2013                          | 11,048,684                               | 11,048,684   | 100.00%               | -  |
| 2014                          | 11,476,149                               | 10,312,579   | 89.86%                | 1,163,570                                |
| 2015                          | 11,506,334                               | 11,506,334   | 100.00%               | -  |
| 2016                          | 12,015,208                               | 12,015,208   | 100.00%               | -  |
| 2017                          | 12,103,703                               | 12,103,703   | 100.00%               | -  |
| 2018                          | 12,550,444                               | 12,550,444   | 100.00%               | -  |

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

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

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

| Fiscal Year Ended June 30, | Governmental Activities               |                            |                | Business-Type Activities |                | Percentage of Personal Income <sup>b</sup> | Per Capita <sup>c</sup> |
|----------------------------|---------------------------------------|----------------------------|----------------|--------------------------|----------------|--|-------------------------|
|                            | General Obligation Bonds <sup>a</sup> | Unfunded Pension Liability | Capital Leases | Capital Leases           | Total District |  |                         |
| 2009                       | \$ 11,870,000                         | \$ -                       | \$ 331,723     | \$ -                     | \$ 12,201,723  | 3.33%                                      | 1,374                   |
| 2010                       | 11,305,000                            | -                          | 211,049        | -                        | 11,516,049     | 3.14%                                      | 1,307                   |
| 2011                       | 10,705,000                            | -                          | -              | -                        | 10,705,000     | 2.79%                                      | 1,216                   |
| 2012                       | 10,410,000                            | -                          | 295,177        | -                        | 10,705,177     | 2.76%                                      | 1,219                   |
| 2013                       | 9,640,000                             | -                          | 242,869        | -                        | 9,882,869      | 2.52%                                      | 1,130                   |
| 2014                       | 8,670,000                             | -                          | 184,338        | -                        | 8,854,338      | 2.20%                                      | 1,015                   |
| 2015                       | 7,920,000                             | -                          | 624,373        | -                        | 8,544,373      | 2.03%                                      | 979                     |
| 2016                       | 7,150,000                             | -                          | 572,205        | -                        | 7,722,205      | 1.84%                                      | 884                     |
| 2017                       | 6,395,000                             | -                          | 394,902        | -                        | 6,789,902      | 1.57%                                      | d                       |
| 2018                       | 5,655,000                             | -                          | 551,884        | -                        | 6,206,884      | d  | d                       |

**Sources:**

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

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

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |            |  | Percentage of<br>Net Assessed<br>Valuation<br>Taxable <sup>b</sup> | Per Capita <sup>c</sup> |
|-------------------------------------|---------------------------------|------------|--|--|-------------------------|
|                                     | General<br>Obligation<br>Bonds  | Deductions | Net General<br>Bonded Debt<br>Outstanding <sup>a</sup> |  |                         |
| 2009                                | \$ 11,870,000                   | \$ -       | \$ 11,870,000  | 1.58%  | 1,336                   |
| 2010                                | 11,305,000                      | -          | 11,305,000   | 1.52%  | 1,283                   |
| 2011                                | 10,705,000                      | -          | 10,705,000   | 1.45%  | 1,216                   |
| 2012                                | 10,410,000                      | -          | 10,410,000   | 1.41%  | 1,185                   |
| 2013                                | 9,640,000                       | -          | 9,640,000  | 1.31%  | 1,102                   |
| 2014                                | 8,670,000                       | -          | 8,670,000  | 1.19%  | 993                     |
| 2015                                | 7,920,000                       | -          | 7,920,000  | 1.09%  | 907                     |
| 2016                                | 7,150,000                       | -          | 7,150,000  | 0.99%  | 818                     |
| 2017                                | 6,395,000                       | -          | 6,395,000  | 0.89%  | 732                     |
| 2018                                | 5,655,000                       | -          | 5,655,000  | 0.79%  | d                       |

**Sources:**

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

**Audubon School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2017**

| <u>Governmental Unit</u>                 | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable <sup>a</sup></u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|--|-----------------------------|---|--|
| Debt repaid with property taxes:         |                             |   |  |
| Borough of Audubon                       | \$ 4,602,000 (1)            | 100.000%  | \$ 4,602,000   |
| Camden County General Obligation Debt    | 113,576,610 (1)             | 1.876% (2)  | 2,130,697  |
|  |                             |   | <hr/>  |
| Subtotal, overlapping debt               |                             |   | 6,732,697  |
| Audubon School District Direct Debt      |                             |   | <hr/> 6,395,000  |
| <b>Total direct and overlapping debt</b> |                             |   | <hr/> <b>\$ 13,127,697</b> <hr/>                       |

**Sources:**

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2017 Equalized Valuation. The source for this computation was the 2017 County Abstract of Ratables, provided by the County Board of Taxation.



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

**Legal Debt Margin Calculation for Fiscal Year 2018**

|  |  |
|--|--|
|  | Equalized valuation basis (1)                                  |
|  | 2015 \$ 703,026,251  |
|  | 2016 707,120,919   |
|  | 2017 718,476,371   |
|  | <u>\$ 2,128,623,541</u>  |
|  | Average equalized valuation of taxable property \$ 709,541,180 |
|  | Debt limit (4% of average equalized valuation) (2) 28,381,647  |
|  | Net bonded school debt (3) 5,655,000                           |
|  | <u>Legal debt margin \$ 22,726,647</u>                         |

120

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
| Debt limit  | \$ 29,029,857        | \$ 30,161,027        | \$ 30,285,422        | \$ 30,088,948        | \$ 29,912,234        | \$ 29,403,427        | \$ 28,427,506        | \$ 27,845,493        | \$ 27,818,448        | \$ 28,381,647        |
| Total net debt applicable to limit (3)                                  | <u>11,870,000</u>    | <u>11,305,000</u>    | <u>10,705,000</u>    | <u>10,410,000</u>    | <u>9,640,000</u>     | <u>8,670,000</u>     | <u>7,920,000</u>     | <u>7,150,000</u>     | <u>6,395,000</u>     | <u>5,655,000</u>     |
| Legal debt margin   | <u>\$ 17,159,857</u> | <u>\$ 18,856,027</u> | <u>\$ 19,580,422</u> | <u>\$ 19,678,948</u> | <u>\$ 20,272,234</u> | <u>\$ 20,733,427</u> | <u>\$ 20,507,506</u> | <u>\$ 20,695,493</u> | <u>\$ 21,423,448</u> | <u>\$ 22,726,647</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 40.89%               | 37.48%               | 35.35%               | 34.60%               | 32.23%               | 29.49%               | 27.86%               | 25.68%               | 22.99%               | 19.92%               |

**Sources:**

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

**Audubon School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

J-14

| <u>Year</u> | <u>Population <sup>a</sup></u> | <u>Personal<br/>Income <sup>b</sup></u> | <u>Per Capita<br/>Personal<br/>Income <sup>c</sup></u> | <u>Unemployment<br/>Rate <sup>d</sup></u> |
|-------------|--------------------------------|---|--|---|
| 2009        | 8,883                          | \$ 365,659,812                          | \$ 41,164  | 3.5%                                      |
| 2010        | 8,814                          | 366,318,654                             | 41,561   | 3.7%                                      |
| 2011        | 8,803                          | 383,555,513                             | 43,571   | 3.7%                                      |
| 2012        | 8,785                          | 388,507,840                             | 44,224   | 3.7%                                      |
| 2013        | 8,747                          | 391,463,238                             | 44,754   | 7.8%                                      |
| 2014        | 8,727                          | 403,143,765                             | 46,195   | 7.5%                                      |
| 2015        | 8,728                          | 420,209,560                             | 48,145   | 6.3%                                      |
| 2016        | 8,738                          | 431,587,296                             | 49,392   | 4.2%                                      |
| 2017        | 8,733                          | e                                       | e  | 3.7%                                      |
| 2018        | e                              | e                                       | e  | e   |

**Source:**

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

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

J-16

| <u>Function/Program</u>                      | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction                                  |             |             |             |             |             |             |             |             |             |             |
| Regular                                      | 118         | 118         | 118         | 118         | 124         | 124         | 124         | 108         | 108         | 108         |
| Special education                            | 17          | 17          | 17          | 18          | 19          | 19          | 19          | 30          | 30          | 30          |
| Other special education                      | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 20          | 20          | 20          |
| Other instruction                            | 13          | 13          | 13          | 13          | 15          | 15          | 15          | 17          | 17          | 17          |
| Support Services:                            |             |             |             |             |             |             |             |             |             |             |
| Student & instruction related services       | 16          | 16          | 16          | 16          | 16          | 16          | 16          | 29          | 29          | 29          |
| School administrative services               | 10          | 10          | 10          | 10          | 10          | 10          | 10          | 13          | 13          | 13          |
| General and business administrative services | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 7           | 7           | 7           |
| Plant operations and maintenance             | 25          | 25          | 25          | 25          | 25          | 25          | 25          | 25          | 25          | 25          |
| Pupil transportation                         | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 1           | 1           | 1           |
| Business and other support services          | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 4           | 4           | 4           |
| Total  | <u>217</u>  | <u>217</u>  | <u>217</u>  | <u>218</u>  | <u>227</u>  | <u>227</u>  | <u>227</u>  | <u>254</u>  | <u>254</u>  | <u>254</u>  |

**Source:**  
District Personnel Records

Audubon School District  
Operating Statistics,  
Last Ten Fiscal Years

J-17

| Fiscal Year | Resident Enrollment | Operating Expenditures <sup>a</sup> | Cost Per Pupil | Percentage Change | Teaching Staff <sup>b</sup> | Pupil/Teacher Ratio  |                       |                    | Average Daily Enrollment (ADE) <sup>c</sup> | Average Daily Attendance (ADA) <sup>c</sup> | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|---------------------|-------------------------------------|----------------|-------------------|-----------------------------|----------------------|-----------------------|--------------------|---|---|--------------------------------------|-------------------------------|
|             |                     |                                     |                |                   |                             | Masion Avenue School | Havilnd Avenue School | Senior High School |   |   |                                      |                               |
| 2009        | 1,522               | \$ 20,797,434                       | \$ 13,665      | -2.62%            | 149                         | 1:22                 | 1:20                  | 1:20               | 1,498.0                                     | 1,429.0                                     | -1.71%                               | 95.39%                        |
| 2010        | 1,521               | 21,202,996                          | 13,940         | 2.02%             | 149                         | 1:22                 | 1:20                  | 1:20               | 1,482.0                                     | 1,429.0                                     | -1.07%                               | 96.42%                        |
| 2011        | 1,480               | 21,364,328                          | 14,435         | 3.55%             | 149                         | 1:22                 | 1:20                  | 1:20               | 1,440.0                                     | 1,368.0                                     | -2.83%                               | 95.00%                        |
| 2012        | 1,439               | 22,249,718                          | 15,462         | 7.11%             | 149                         | 1:22                 | 1:20                  | 1:20               | 1,402.0                                     | 1,337.0                                     | -2.64%                               | 95.36%                        |
| 2013        | 1,485               | 23,035,139                          | 15,512         | 0.32%             | 159                         | 1:22                 | 1:20                  | 1:20               | 1,410.0                                     | 1,334.0                                     | 0.57%                                | 94.61%                        |
| 2014        | 1,476               | 23,545,800                          | 15,952         | 2.84%             | 159                         | 1:22                 | 1:20                  | 1:20               | 1,410.0                                     | 1,337.9                                     | 0.00%                                | 94.89%                        |
| 2015        | 1,553               | 24,539,694                          | 15,801         | -0.95%            | 159                         | 1:22                 | 1:20                  | 1:20               | 1,548.0                                     | 1,465.0                                     | 9.79%                                | 94.64%                        |
| 2016        | 1,531               | 25,251,465                          | 16,493         | 4.38%             | 175                         | 1:22                 | 1:20                  | 1:20               | 1,545.0                                     | 1,467.0                                     | -0.19%                               | 94.95%                        |
| 2017        | 1,553               | 26,281,705                          | 16,923         | 2.61%             | 175                         | 1:22                 | 1:20                  | 1:20               | 1,549.0                                     | 1,476.1                                     | 0.26%                                | 95.29%                        |
| 2018        | 1,539               | 27,198,875                          | 17,673         | 4.43%             | 175                         | 1:22                 | 1:20                  | 1:20               | 1,528.6                                     | 1,444.4                                     | -1.32%                               | 94.49%                        |

123

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

J-18

| <u>District Building</u>           | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Elementary</u>                  |             |             |             |             |             |             |             |             |             |             |
| Haviland Avenue School             |             |             |             |             |             |             |             |             |             |             |
| Square Feet                        | 41,702      | 41,702      | 41,702      | 41,702      | 41,702      | 41,702      | 41,702      | 41,702      | 41,702      | 41,702      |
| Capacity (students)                | 400         | 400         | 400         | 400         | 400         | 400         | 400         | 400         | 400         | 400         |
| Enrollment                         | 259         | 259         | 259         | 276         | 255         | 249         | 284         | 305         | 332         | 330         |
| Mansion Avenue School              |             |             |             |             |             |             |             |             |             |             |
| Square Feet                        | 48,439      | 48,439      | 48,439      | 48,439      | 48,439      | 48,439      | 48,439      | 48,439      | 48,439      | 48,439      |
| Capacity (students)                | 575         | 575         | 575         | 575         | 575         | 575         | 575         | 575         | 575         | 575         |
| Enrollment                         | 392         | 392         | 392         | 369         | 323         | 292         | 358         | 371         | 355         | 377         |
| Audubon Jr/Sr High School          |             |             |             |             |             |             |             |             |             |             |
| Square Feet                        | 187,024     | 187,024     | 187,024     | 187,024     | 187,024     | 187,024     | 187,024     | 187,024     | 187,024     | 187,024     |
| Capacity (students)                | 1,100       | 1,100       | 1,100       | 1,100       | 1,100       | 1,100       | 1,100       | 1,100       | 1,100       | 1,100       |
| Enrollment                         | 820         | 820         | 820         | 781         | 832         | 869         | 823         | 869         | 848         | 822         |
| Number of Schools at June 30, 2019 |             |             |             |             |             |             |             |             |             |             |
| Elementary 2                       |             |             |             |             |             |             |             |             |             |             |
| Jr/Sr High School 1                |             |             |             |             |             |             |             |             |             |             |

Source: District Facilities Office

Audubon School District  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years

J-19

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

| * School Facilities     | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              | Total               |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| High School             | \$ 166,540        | \$ 172,858        | \$ 177,941        | \$ 184,140        | \$ 203,422        | \$ 189,110        | \$ 202,847        | \$ 215,592        | \$ 175,100        | \$ 186,629        | \$ 1,874,179        |
| Haviland School         | 43,557            | 43,214            | 47,045            | 48,912            | 43,268            | 40,307            | 45,231            | 48,090            | 39,052            | 41,624            | 440,300             |
| Mansion School          | 46,118            | 45,834            | 51,750            | 54,668            | 50,276            | 46,656            | 52,536            | 55,855            | 45,333            | 48,316            | 497,342             |
| Total School Facilities | <u>\$ 256,215</u> | <u>\$ 261,906</u> | <u>\$ 276,736</u> | <u>\$ 287,720</u> | <u>\$ 296,966</u> | <u>\$ 276,073</u> | <u>\$ 300,614</u> | <u>\$ 319,537</u> | <u>\$ 259,485</u> | <u>\$ 276,569</u> | <u>\$ 2,811,821</u> |

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

Source: District records

**Audubon School District  
Insurance Schedule  
June 30, 2018**

J-20

|   | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| <b>Commercial Package Policy (1)</b>    |                 |                   |
| Building and Contents (All Locations)   |                 |                   |
| Limits of liability per occurrence      | \$ 500,000,000  | \$ 2,500          |
| General and Auto liability              | 5,000,000       |                   |
| Comprehensive crime coverage            |                 |                   |
| Employee Dishonesty                     | 500,000         | 1,000             |
| Boiler and machinery                    | 100,000,000     | 2,500             |
| Environmental Impairment Liability      | 1,000,000       | 10,000            |
| Excess Liability                        | 5,000,000       |                   |
| Professional Liability                  | 5,000,000       | 5,000             |
| <b>Workers Compensation (2)</b>         |                 |                   |
| Bodily Injury by Accident               | Statutory       |                   |
| Bodily Injury by Disease                | Statutory       |                   |
| <b>Volunteer Accident Insurance (3)</b> | 250,000         |                   |
| <b>Surety Bonds (4)</b>                 |                 |                   |
| Treasurer                               | 250,000         |                   |
| Board Secretary                         | 75,000          |                   |

- (1) School Alliance Insurance Fund
- (2) NJ School Board Association
- (3) QBE Insurance Corporation
- (4) Western Surety

**Source: District records**

**Single Audit Section**



**INVERSO & STEWART, LLC**  
 Certified Public Accountants

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal and State Program**

I have audited Audubon School District's (School District), in the County of Camden, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2018. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditor's Responsibility**

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

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

### Opinion on Each Major Federal and State Program

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

### Report on Internal Control Over Compliance

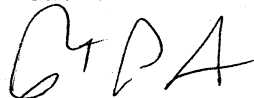
Management of the Audubon School District, in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered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

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

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

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

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant No. CS001095

Marlton, New Jersey  
January 31, 2019

AUDUBON SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2018

| Federal Grantor/Pass-Through Grantor/<br>Program Title | Federal<br>CFDA<br>Number | Federal<br>FAIN<br>Number | Grant or State<br>Project Number | Program or<br>Award<br>Amount | Grant<br>Period<br>From - To | Balance June 30, 2017    |                     |                   |            | Cash<br>Received | Budgetary<br>Expenditures | Repayment<br>of Prior Years'<br>Balances | Balance June 30, 2018    |                     |                   |
|--|---------------------------|---------------------------|----------------------------------|-------------------------------|------------------------------|--------------------------|---------------------|-------------------|------------|------------------|---------------------------|--|--------------------------|---------------------|-------------------|
|  |                           |                           |                                  |                               |                              | (Accounts<br>Receivable) | Unearned<br>Revenue | Due to<br>Grantor | Adjustment |                  |                           |  | (Accounts<br>Receivable) | Unearned<br>Revenue | Due to<br>Grantor |
| <b>U.S. Department of Education</b>                    |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Passed-through State Department of Education:          |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Special Revenue Fund:                                  |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Title I:   |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Fiscal Year 2018                                       | 84.010A                   | S010A170030               | ESSA015018                       | \$ 203,922                    | 7/1/17 - 6/30/18             | \$ -                     | \$ -                | \$ -              | \$ -       | \$ -             | (203,922)                 | \$ -                                     | \$ (203,922)             | \$ -                | \$ -              |
| Fiscal Year 2017                                       | 84.010A                   | S010A160030               | NCLB015017                       | 174,698                       | 7/1/16 - 6/30/17             | (22,941)                 |                     |                   | 22,941     |                  |                           |  |                          |                     |                   |
| Title II A:  |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Fiscal Year 2018                                       | 84.367A                   | S367A170029               | ESSA015018                       | 7,920                         | 7/1/17 - 6/30/18             |                          |                     |                   |            | (7,920)          |                           |  | (7,920)                  |                     |                   |
| Fiscal Year 2017                                       | 84.367A                   | S367A160029               | NCLB015017                       | 43,387                        | 7/1/16 - 6/30/17             | (10,620)                 |                     |                   | 10,620     |                  |                           |  |                          |                     |                   |
| I.D.E.A. Part B - Basic:                               |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Fiscal Year 2018                                       | 84.027                    | H027A170100               | IDEA015018                       | 363,988                       | 7/1/17 - 6/30/18             |                          |                     |                   | 363,988    | (362,858)        |                           |  |                          | 1,130               |                   |
| Fiscal Year 2017                                       | 84.027                    | H027A160100               | IDEA015017                       | 362,489                       | 7/1/16 - 6/30/17             | (6,329)                  |                     |                   | 6,329      |                  |                           |  |                          |                     |                   |
| I.D.E.A. Part B - Preschool:                           |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Fiscal Year 2018                                       | 84.173                    | H173A170114               | IDEA015018                       | 12,158                        | 7/1/17 - 6/30/18             |                          |                     |                   |            | (12,158)         |                           |  | (12,158)                 |                     |                   |
| Fiscal Year 2017                                       | 84.173                    | H173A160114               | IDEA015017                       | 12,161                        | 7/1/16 - 6/30/17             | (12,161)                 |                     |                   | 12,161     |                  |                           |  |                          |                     |                   |
| Total U.S. Department of Education                     |                           |                           |                                  |                               |                              | (52,051)                 |                     |                   | 416,039    | (586,858)        |                           | (224,000)                                | 1,130                    |                     |                   |
| <b>U.S. Department of Agriculture</b>                  |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Passed-through State Department of Education:          |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Enterprise Fund  |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Food Distribution Program                              |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Fiscal Year 2018                                       | 10.565                    | 181NJ304N1099             | N/A                              | 29,548                        | 7/1/17 - 6/30/18             |                          |                     |                   | 29,548     | (29,548)         |                           |  |                          |                     |                   |
| National School Breakfast Program                      |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Fiscal Year 2018                                       | 10.553                    | 181NJ304N1099             | N/A                              | 12,684                        | 7/1/17 - 6/30/18             |                          |                     |                   | 11,959     | (12,684)         |                           |  | (725)                    |                     |                   |
| Fiscal Year 2017                                       | 10.553                    | 171NJ304N1099             | N/A                              | 13,706                        | 7/1/16 - 6/30/17             | (676)                    |                     |                   | 676        |                  |                           |  |                          |                     |                   |
| National School Lunch Program                          |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Fiscal Year 2018                                       | 10.555                    | 181NJ304N1099             | N/A                              | 128,541                       | 7/1/17 - 6/30/18             |                          |                     |                   | 122,060    | (128,541)        |                           |  | (6,481)                  |                     |                   |
| Fiscal Year 2017                                       | 10.555                    | 171NJ304N1099             | N/A                              | 134,941                       | 7/1/16 - 6/30/17             | (5,615)                  |                     |                   | 5,615      |                  |                           |  |                          |                     |                   |
| Total U.S. Department of Agriculture                   |                           |                           |                                  |                               |                              | (6,291)                  |                     |                   | 169,858    | (170,773)        |                           | (7,206)                                  |                          |                     |                   |
| <b>U.S. Department of Health and Human Services</b>    |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Passed-through State Department of Human Services:     |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| General Fund:  |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Medicaid Assistance Program                            |                           |                           |                                  |                               |                              |                          |                     |                   |            |                  |                           |  |                          |                     |                   |
| Fiscal Year 2018                                       | 93.778                    | 1805NJ5MAP                | N/A                              | 47,588                        | 7/1/17 - 6/30/18             |                          |                     |                   | 47,588     | (47,588)         |                           |  |                          |                     |                   |
| Total Federal Awards                                   |                           |                           |                                  |                               |                              | \$ (58,342)              | \$ -                | \$ -              | \$ -       | \$ 633,485       | \$ (805,219)              | \$ -                                     | \$ (231,206)             | \$ 1,130            | \$ -              |

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

AUDUBON SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2018

| State Grantor / Program Title  | Grant or State Project Number | Program or Award Amount | Grant Period From - To | Balance June 30, 2017 |                  |                | Cash Received        | Budgetary Expenditures | Repayment of Prior Years' Balances | Canceled    | Balance June 30, 2018 |                  |                |
|--|-------------------------------|-------------------------|------------------------|-----------------------|------------------|----------------|----------------------|------------------------|------------------------------------|-------------|-----------------------|------------------|----------------|
|  |                               |                         |                        | (Accounts Receivable) | Unearned Revenue | Due to Grantor |                      |                        |                                    |             | (Accounts Receivable) | Unearned Revenue | Due to Grantor |
| <b>State Department of Education</b>   |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| General Fund:  |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| Equalization Aid   | 18-495-034-5120-078           | \$ 5,957,483            | 7/1/17 - 6/30/18       | \$ -                  | \$ -             | \$ -           | \$ 5,393,462         | \$ (5,957,483)         | \$ -                               | \$ -        | \$ (564,021)          | \$ -             | \$ -           |
| Equalization Aid   | 17-495-034-5120-078           | 5,859,113               | 7/1/16 - 6/30/17       | (555,462)             |                  |                | 555,462              |                        |                                    |             |                       |                  |                |
| Special Education Categorical Aid  | 18-495-034-5120-089           | 713,615                 | 7/1/17 - 6/30/18       |                       |                  |                | 646,054              | (713,615)              |                                    |             | (67,561)              |                  |                |
| Special Education Categorical Aid  | 17-495-034-5120-089           | 713,615                 | 7/1/16 - 6/30/17       | (67,853)              |                  |                | 67,853               |                        |                                    |             |                       |                  |                |
| Security Aid   | 18-495-034-5120-084           | 131,828                 | 7/1/17 - 6/30/18       |                       |                  |                | 119,347              | (131,828)              |                                    |             | (12,481)              |                  |                |
| Security Aid   | 17-495-034-5120-084           | 131,828                 | 7/1/16 - 6/30/17       | (12,498)              |                  |                | 12,498               |                        |                                    |             |                       |                  |                |
| Transportation Aid   | 18-495-034-5120-014           | 62,870                  | 7/1/17 - 6/30/18       |                       |                  |                | 5,960                | (62,870)               |                                    |             | (5,952)               |                  |                |
| Transportation Aid   | 17-495-034-5120-014           | 62,870                  | 7/1/16 - 6/30/17       | (5,960)               |                  |                |                      |                        |                                    |             |                       |                  |                |
| School Choice Aid  | 18-495-034-5120-068           | 939,960                 | 7/1/17 - 6/30/18       |                       |                  |                | 850,970              | (939,960)              |                                    |             | (88,990)              |                  |                |
| School Choice Aid  | 17-495-034-5120-068           | 922,056                 | 7/1/16 - 6/30/17       | (87,414)              |                  |                | 87,414               |                        |                                    |             |                       |                  |                |
| Under Adequacy Aid   | 18-495-034-5120-096           | 25,300                  | 7/1/17 - 6/30/18       |                       |                  |                | 22,905               | (25,300)               |                                    |             | (2,395)               |                  |                |
| Under Adequacy Aid   | 17-495-034-5120-096           | 25,300                  | 7/1/16 - 6/30/17       | (2,399)               |                  |                | 2,399                |                        |                                    |             |                       |                  |                |
| Adjustment Aid   | 18-495-034-5120-085           | 519,774                 | 7/1/17 - 6/30/18       |                       |                  |                | 470,564              | (519,774)              |                                    |             | (49,210)              |                  |                |
| Adjustment Aid   | 17-495-034-5120-085           | 530,136                 | 7/1/16 - 6/30/17       | (50,259)              |                  |                | 50,259               |                        |                                    |             |                       |                  |                |
| Additional Adjustment Aid  | 18-495-034-5120-085           | 17,904                  | 7/1/17 - 6/30/18       |                       |                  |                | 16,209               | (17,904)               |                                    |             | (1,695)               |                  |                |
| Additional Adjustment Aid  | 17-495-034-5120-085           | 17,904                  | 7/1/16 - 6/30/17       | (1,697)               |                  |                | 1,697                |                        |                                    |             |                       |                  |                |
| PARCC Readiness Aid  | 18-495-034-5120-098           | 13,430                  | 7/1/17 - 6/30/18       |                       |                  |                | 12,159               | (13,430)               |                                    |             | (1,271)               |                  |                |
| PARCC Readiness Aid  | 17-495-034-5120-098           | 13,430                  | 7/1/16 - 6/30/17       | (1,273)               |                  |                | 1,273                |                        |                                    |             |                       |                  |                |
| Per Pupil Growth Aid   | 18-495-034-5120-097           | 13,430                  | 7/1/17 - 6/30/18       |                       |                  |                | 12,159               | (13,430)               |                                    |             | (1,271)               |                  |                |
| Per Pupil Growth Aid   | 17-495-034-5120-097           | 13,430                  | 7/1/16 - 6/30/17       | (1,273)               |                  |                | 1,273                |                        |                                    |             |                       |                  |                |
| Professional Community Learning Aid  | 18-495-034-5120-101           | 13,960                  | 7/1/17 - 6/30/18       |                       |                  |                | 12,638               | (13,960)               |                                    |             | (1,322)               |                  |                |
| Professional Community Learning Aid  | 17-495-034-5120-101           | 13,960                  | 7/1/16 - 6/30/17       | (1,323)               |                  |                | 1,323                |                        |                                    |             |                       |                  |                |
| Extraordinary Special Education Cost Aid   | 18-495-034-5120-044           | 191,164                 | 7/1/17 - 6/30/18       |                       |                  |                | 159,016              | (191,907)              |                                    |             | (191,907)             |                  |                |
| Extraordinary Special Education Cost Aid   | 17-495-034-5120-044           | 159,016                 | 7/1/16 - 6/30/17       | (159,016)             |                  |                | 159,016              |                        |                                    |             |                       |                  |                |
| Lead Testing for Schools Aid   | 18-495-034-5120-104           | 5,850                   | 7/1/17 - 6/30/18       |                       |                  |                | 5,850                | (5,850)                |                                    |             |                       |                  |                |
| On behalf TPAF Pension Contribution  | 18-495-034-5094-002           | 1,621,242               | 7/1/17 - 6/30/18       |                       |                  |                | 1,621,242            | (1,621,242)            |                                    |             |                       |                  |                |
| On behalf TPAF Post Retirement Medical   | 18-495-034-5094-001           | 1,047,126               | 7/1/17 - 6/30/18       |                       |                  |                | 1,047,126            | (1,047,126)            |                                    |             |                       |                  |                |
| On behalf TPAF LTDI  | 18-495-034-5094-004           | 3,060                   | 7/1/17 - 6/30/18       |                       |                  |                | 3,060                | (3,060)                |                                    |             |                       |                  |                |
| Reimbursed TPAF Social Security Contr.   | 18-495-034-5094-003           | 807,974                 | 7/1/17 - 6/30/18       |                       |                  |                | 648,351              | (807,974)              |                                    |             | (159,623)             |                  |                |
| Reimbursed TPAF Social Security Contr.   | 17-495-034-5094-003           | 816,629                 | 7/1/16 - 6/30/17       | (78,496)              |                  |                | 78,496               |                        |                                    |             |                       |                  |                |
| <b>Total Department of Education</b>   |                               |                         |                        | <b>(1,024,723)</b>    |                  |                | <b>11,983,737</b>    | <b>(12,086,713)</b>    |                                    |             | <b>(1,147,699)</b>    |                  |                |
| <b>New Jersey Schools Construction Corporation:</b>  |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| Capital Projects Fund:   |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| EDA Educational Facilities Construction and Financing Act - Section 15:                      |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| Roof and Roof-Top HVAC - Level I Renovations to Mansion Ave. School                          | #0150-040-13-1002             | 312,000                 | 8/1/14- 12/31/14       | (187,200)             |                  |                |                      |                        |                                    |             | (187,200)             |                  |                |
| Renovations to Haviland Ave. School  | #0150-050-04-1000             | 1,048,600               | 7/1/03- 6/30/13        | (63,380)              |                  |                | 63,380               |                        |                                    |             |                       |                  |                |
| Renovations to Haviland Ave. School  | #0150-040-04-1000             | 741,610                 | 7/1/03- 6/30/13        | (10)                  |                  |                | 10                   |                        |                                    |             |                       |                  |                |
| <b>Total Educational Facilities Construction</b>   |                               |                         |                        | <b>(250,590)</b>      |                  |                | <b>63,390</b>        |                        |                                    |             | <b>(187,200)</b>      |                  |                |
| <b>State Department of Agriculture</b>   |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| National School Lunch Program (State Share)  |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| Fiscal Year 2018   | 18-100-010-3350-023           | 3,958                   | 7/1/17 - 6/30/18       |                       |                  |                | 3,751                | (3,958)                |                                    |             | (207)                 |                  |                |
| Fiscal Year 2017   | 17-100-010-3350-023           | 3,772                   | 7/1/16 - 6/30/17       | (164)                 |                  |                | 164                  |                        |                                    |             |                       |                  |                |
| <b>Total Department of Agriculture</b>   |                               |                         |                        | <b>(164)</b>          |                  |                | <b>3,915</b>         | <b>(3,958)</b>         |                                    |             | <b>(207)</b>          |                  |                |
| <b>Total State Financial Assistance</b>  |                               |                         |                        | <b>\$ (1,275,477)</b> | <b>\$ -</b>      | <b>\$ -</b>    | <b>\$ 11,967,652</b> | <b>\$ (12,027,261)</b> | <b>\$ -</b>                        | <b>\$ -</b> | <b>\$ (1,335,106)</b> | <b>\$ -</b>      | <b>\$ -</b>    |
| Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08                |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| On-Behalf TPAF Contribution - Pension (Non-Budgeted) (1,621,242)                             |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| On-Behalf TPAF Contribution - Post Retirement Medical (Non-Budgeted) (1,047,126)             |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| On-Behalf TPAF Contribution - LTDI (Non-Budgeted) (3,060)                                    |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |
| <b>Total State Financial Assistance Subject to New Jersey OMB Circular 15-08 (9,355,853)</b> |                               |                         |                        |                       |                  |                |                      |                        |                                    |             |                       |                  |                |

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

**Audubon School District**  
**Notes to Schedules of Expenditures**  
**of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2018**

**I. GENERAL**

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

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**Audubon School District**  
**Notes to the Schedules of Expenditures**  
**of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2018**  
**(Continued)**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,958) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

| <u>Fund</u>      | <u>Federal</u>    | <u>State</u>         | <u>Total</u>         |
|------------------|-------------------|----------------------|----------------------|
| General          | \$ 47,588         | \$ 12,077,755        | \$ 12,125,343        |
| Special Revenue  | 586,858           |                      | 586,858              |
| Capital Projects |                   | (63,390)             | (63,390)             |
| Food Service     | <u>170,773</u>    | <u>3,958</u>         | <u>174,731</u>       |
| Total            | <u>\$ 805,219</u> | <u>\$ 12,018,323</u> | <u>\$ 12,823,542</u> |

**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.

**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.

**6. MAJOR PROGRAMS**

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



**AUDUBON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**State Awards Section**

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

Auditee qualified as low-risk auditee?   X   yes        no

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weakness?        yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable?        yes   X   no

Identification of major programs:

| <u>State Grant/Project Number(s)</u> | <u>Name of State Program</u>                           |
|--------------------------------------|--|
| <u>18-495-034-5120-068</u>           | <u>State Aid Public Cluster:<br/>School Choice Aid</u> |
| <u>18-495-034-5120-078</u>           | <u>Equalization Aid</u>                                |
| <u>18-495-034-5120-089</u>           | <u>Special Education Categorical Aid</u>               |
| <u>18-495-034-5120-084</u>           | <u>Security Aid</u>                                    |
| <u>18-495-034-5120-085</u>           | <u>Adjustment Aid</u>                                  |
| <u>18-495-034-5120-085</u>           | <u>Additional Adjustment Aid</u>                       |
| <u>18-495-034-5120-096</u>           | <u>Under Adequacy Aid</u>                              |
| <u>18-495-034-5120-097</u>           | <u>Per Pupil Growth Aid</u>                            |
| <u>18-495-034-5120-098</u>           | <u>PARCC Readiness</u>                                 |
| <u>18-495-034-5120-101</u>           | <u>Professional Learning Community Aid</u>             |
| <u>18-495-034-5094-003</u>           | <u>TPAF Reimbursed Social Security</u>                 |



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

**Section 2 -- Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

**Finding #2018-001**

**Criteria or specific requirement:**

County superintendent approval must be requested for any transfer made to capital outlay excluding equipment as defined under N.J.A.C. 6A:23A-13.3(h).

**Condition:**

The district transferred to capital outlay lease purchase agreements - principal without county superintendent approval.

**Context:**

As part of the audit procedures, a review was performed of cumulative budget transfers and one exception was noted.

**Effect:**

Violation of N.J.A.C. 6A:23A-13.3(h).

**Cause:**

Oversight.

**Recommendation:**

That county superintendent approval be requested for any transfer to capital outlay excluding equipment.

**View of Responsible Officials and Planned Corrective Action:**

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

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

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, 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) and New Jersey Circular 15-08-OMB.

**FEDERAL AWARDS:**

No findings and/or questioned costs identified.

**STATE AWARDS:**

No findings and/or questioned costs identified.

**AUDUBON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, 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 Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

**Finding #2017-001**

**Condition:**

The district transferred from Instruction – Community Services Programs/Operations, an amount that on a cumulative basis exceeded 10 per cent of the total amount in the original budget.

**Current Status:**

This condition has been corrected.

**FEDERAL AWARDS**

There were no prior year audit findings.

**STATE AWARDS**

There were no prior year audit findings.