

Audubon Public School District
Audubon, New Jersey
County of Camden



A Tradition of Pride & Excellence

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

**Comprehensive Annual
Financial Report**

of the

Audubon Board of Education

Audubon, New Jersey

For the Fiscal Year Ended June 30, 2020

**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

Independent Auditor's Report	11
Required Supplementary Information - Part I Management's Discussion and Analysis	15
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	24
A-2 Statement of Activities	25
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	27
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	28
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Proprietary Funds:	
B-4 Statement of Net Position	30
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	31
B-6 Statement of Cash Flows	32
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	33
B-8 Statement of Changes in Fiduciary Net Position	34
Notes to the Financial Statements	35

Required Supplementary Information - Part II

C.	Budgetary Comparison Schedules	
C-1	Budgetary Comparison Schedule - General Fund	69
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	75

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	76
-----	-------------------------------	----

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 - Public Employees Retirement System	78
L-2	Schedule of the District Contributions - Public Employees Retirement System	79
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Pension and Annuity Fund	80
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 OPEB Liability and Related Ratios	81

Notes to the Required Supplementary Information - Part III 82

Other Supplementary Information

D.	School Level Schedules :	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	85
F.	Capital Projects Fund:	
F-1	Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	87
G.	Proprietary Fund:	
	Enterprise Fund:	
G-1	Combining Statement of Net Position	90
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	91
G-3	Combining Statement of Cash Flows	92
	Internal Service Fund:	
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	94
H-2	Combining Statement of Changes in Fiduciary Net Position	95
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	96
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	97

I. Long-Term Debt:

I-1	Schedule of Serial Bonds	99
I-2	Schedule of Obligations under Capital Leases	100
I-3	Budgetary Comparison Schedule - Debt Service Fund	101

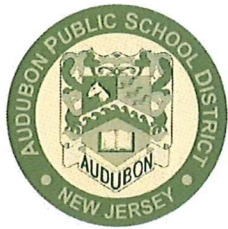
STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	103
J-2	Changes in Net Position, Last Ten Fiscal Years	104
J-3	Fund Balances, Governmental Funds, Last Ten Fiscal Years	106
J-4	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	107
J-5	General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	108
J-6	Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	109
J-7	Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	110
J-8	Principal Property Tax Payers, Current Year and Nine Years Ago	111
J-9	Property Tax Levies and Collections, Last Ten Fiscal Years	112
J-10	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	113
J-11	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	114
J-12	Ratios of Overlapping Governmental Activities Debt, As of December 31, 2019	115
J-13	Legal Debt Margin Information, Last Ten Fiscal Years	116
J-14	Demographic and Economic Statistics	117
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	118
J-17	Operating Statistics, Last Ten Fiscal Years	119
J-18	School Building Information, Last Ten Fiscal Years	120
J-19	Schedule of Required Maintenance, Last Ten Fiscal Years	121
J-20	Insurance Schedule	122

SINGLE AUDIT SECTION

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	124
K-2	Report on Compliance for Each Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey Circular 15-08-OMB	126
K-3	Schedule of Expenditures of Federal Awards, Schedule A	128
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	129
K-5	Notes to the Schedules of Awards and Financial Assistance	130
K-6	Schedule of Findings and Questioned Costs	132
K-7	Financial Statement Findings	134
K-7	Federal Awards and State Financial Assistance Findings and Questioned Costs	135
K-8	Summary Schedule of Prior Audit Findings	136

Introductory Section



Audubon Public School District

A Tradition of Pride & Excellence

Andrew P. Davis, Ed.D. ext. 4102
Superintendent of Schools

Deborah Roncace, ext. 4104
School Business Administrator

December 18, 2020

Honorable President and
Members of the Board of Education
Audubon Public School District
County of Camden
Audubon, NJ 08106

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Audubon Public School District (hereinafter, the “District”) for the fiscal year ended June 30, 2020, 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 (“Board”). 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 Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (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 District's reporting entity.

The Audubon Public School District is one of thirty-nine (39) identified school districts in Camden County. The District consists of three schools – Haviland Avenue Elementary (PreK-2), Mansion Avenue Elementary (3-6), and the Audubon Junior-Senior High School (7-12). 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 offers a pre-school inclusion program for handicap students and offers paid (tuition) seats for general students on a lottery basis. In 2011 the Audubon School District was approved to participate in the State’s Inter-District Public School Choice Program. This program allows students from other districts in the surrounding area to attend Audubon High School. Student admission is 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 maintains a send-receiving relationship with the Mount Ephraim school district for grades nine through twelve.

The district completed the 2019-2020 school year, with an average daily enrollment of 1,471 students. Pupil enrollment has increased with the district’s participation in the State’s Inter-District Public School Choice Program.

Average Daily Pupil Enrollment

<u>SCHOOL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENT CHANGE</u>
2010-2011	1,440	(2.8%)
2011-2012	1,402	(2.6%)
2012-2013	1,409	0.5%
2013-2014	1,410	0.1%
2014-2015	1,411	0.1%
2015-2016	1,545	9.5%
2016-2017	1,549	0.2%
2017-2018	1,528	(1.4%)
2018-2019	1,498	(2.0%)
2019-2020	1,471	(1.8%)

2. ECONOMIC CONDITION AND OUTLOOK:

Audubon Borough is a small community located ten miles east of Philadelphia in the eastern portion of Camden County, New Jersey. Audubon is 1.5 square miles in land area and its population was a little under 9,000 in the 2010 Census Report. Audubon is a stable community with little room for additional commercial or residential development; however, the commercial properties are experiencing a rebirth and development as several new businesses have revitalized existing properties. Homeowners represent the Districts’ *Tradition of Pride and Excellence* as is reflected in their picturesque homes and welcoming neighborhoods.



3. MAJOR INITIATIVES

Educational Program

In partnership with our students, families, and community, the Audubon Public School District continues to educate a diverse student body by providing motivating and challenging learning experiences. These experiences meet or exceed the New Jersey Student Learning Standards (NJSLS) for individual learners while fostering 21st Century skills including but not limited to collaboration, communication, creativity, and critical thinking. The District prides itself in educating all students so that they are prepared to meet the challenges of college and career.

The District curricula were recently aligned to the NJSLS throughout the content areas. The Instructional Council and Curriculum Committees, through support of the administrative team, continue to revise and adjust the curricula in order to provide rigorous, relevant, and engaging instruction. The Junior-Senior High School implemented a pilot program assigning teacher leaders as academic coaches for the 2020-2021 school year. The District's instructional teams initiated the first year of a multi-year equity initiative wherein the curriculum, policies and practices will be reviewed and realigned in order to assure that every child has an equal chance for success. The elementary math curriculum resources were updated and aligned to the NJSLS and the implementation of said resources have included multiple staff training opportunities. The authentic integration of technology and 21st Century skills has been supported throughout the grade levels and as a result of the pandemic, 1-to-1 devices were available to all students within the district starting in March of 2020. In addition, the faculty and staff have been outfitted with touchscreen devices in order to facilitate smooth in-person and remote instruction.

All certificated staff continue to be involved in the teacher and principal evaluation programs as prescribed via Achieve New Jersey. The District administration, faculty, and staff continue to be supported through the District's exemplary professional development program which includes in- and out-of-district training, peer-to-peer or collegial turnkey training, and in-house training facilitated by professionals on a variety of topics. Job-embedded sustained professional learning opportunities will continue to be supported and developed in a collaborative fashion wherein all stakeholders have a voice.

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.

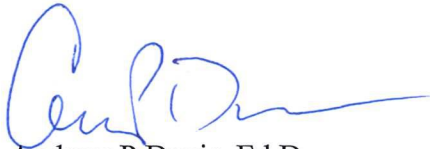
8. OTHER INFORMATION:

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, Ed.D.
Superintendent

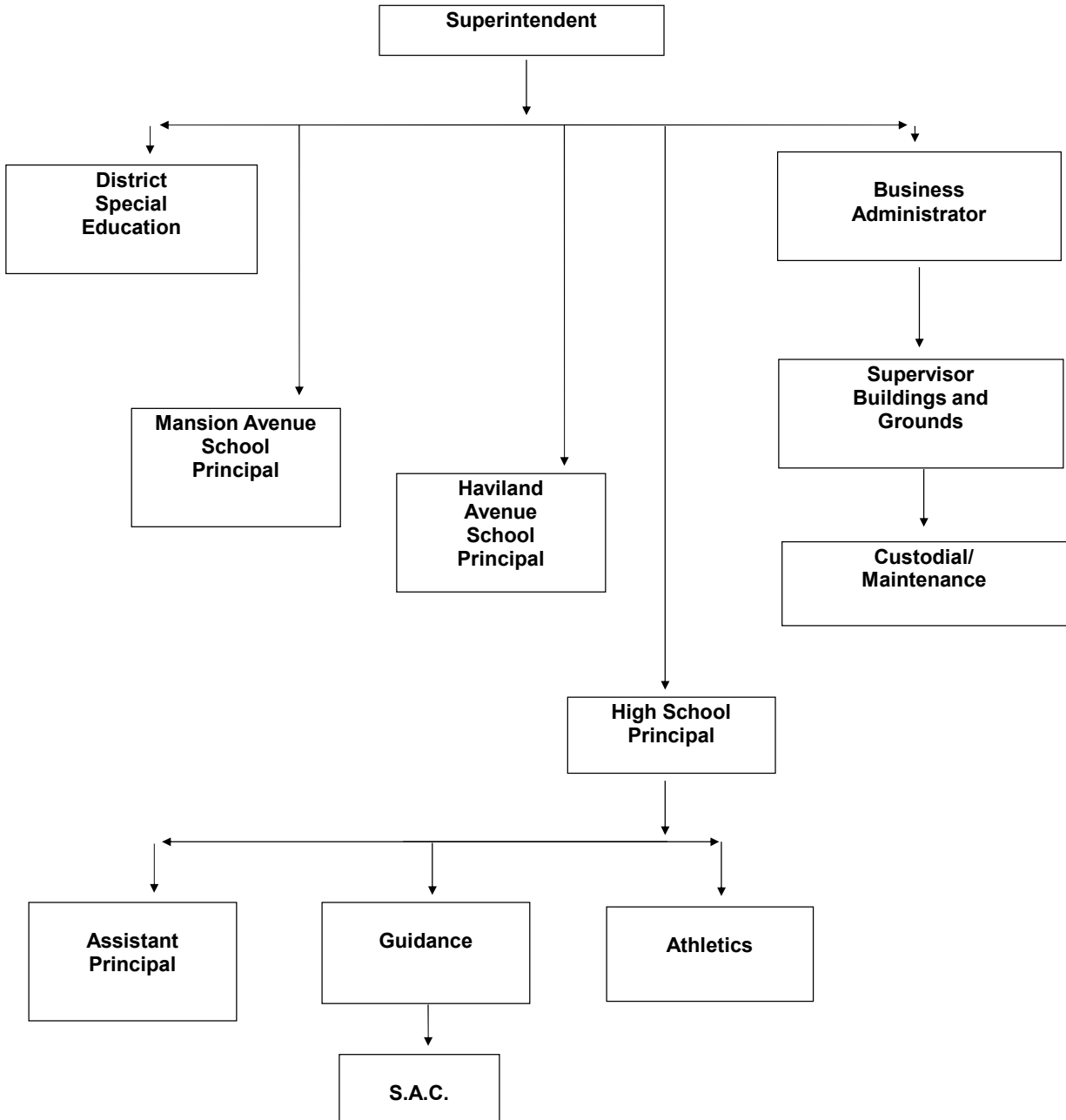


Deborah J. Roncace
Business Administrator



AUDUBON BOARD OF EDUCATION

Organizational Chart (Unit Control)



AUDUBON SCHOOL DISTRICT

Roster of Officials June 30, 2020

Members of the Board of Education:

Term Expires

James Blumenstein, President	2021
Ammie Davis, Vice President	2022
Pam Chiaradia	2020
Allison Cox	2021
Ralph Gilmore	2021
Gina Osinski	2020
Joseph Ryan	2022
Tara Sullivan-Butrica	2022
Jeff Whitman	2020

Nancy Schiavo

2020 Mount Ephraim Representative

Other Officials:

Andrew P. Davis Ed.D., Superintendent of Schools
Deborah J. Roncace, CPA, Business Administrator/Board Secretary

Frank Cavallo, Esq. Solicitor
Parker, McCay

**AUDUBON SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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

Attorney

Frank Cavallo, Esquire
Parker McCay, P.A.
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@inversocpa.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, 2020, 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, 2020, 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 December 18, 2020 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
December 18, 2020

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, 2020**

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, 2020. 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 \$6,019,402 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$8,474,289. The accounting treatment in the governmental funds for compensated absences payable, net pension liability, accrued interest payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$878,231 or a 17.08% increase from the prior fiscal year-end balance. The majority of the reason for the increase was the variance in pension liabilities.
- Fund balance of the School District's governmental funds increased by \$877,070 resulting in an ending fund balance of \$736,992. The main reason for the increase is results of operations in the general fund.
- Business-type activities have unrestricted net position of \$370,372, 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 \$1,291,241 which is the result of current year payments on existing debt obligations and a 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 2021. 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 2021.

The assets of the primary government activities exceeded liabilities by \$5,637,398 with an unrestricted deficit balance of \$8,474,289. The net position of the primary government does not include internal balances.

A net investment of \$13,007,217 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's public school students. Net position of \$1,104,470 has been restricted as follows:

Restricted for Future Budget Appropriations	\$	-
Restricted for Future Capital Projects		175,266
Restricted for Maintenance Reserve		175,125
Restricted for Emergency Reserve		150,000
Restricted for Year End Encumbrances		202,399
Restricted for Subsequent Year's Budget		<u>401,680</u>
Total	\$	<u>1,104,470</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, 2020 and 2019**

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current assets	\$ 2,306,333	\$ 1,238,625	\$ 382,756	\$ 357,299	\$ 2,689,089	\$ 1,595,924
Capital assets	17,444,474	18,112,755	11,632	12,893	17,456,106	18,125,648
Total assets	<u>19,750,807</u>	<u>19,351,380</u>	<u>394,388</u>	<u>370,192</u>	<u>20,145,195</u>	<u>19,721,572</u>
Deferred Outflows of Resources	<u>728,701</u>	<u>1,511,982</u>			<u>728,701</u>	<u>1,511,982</u>
LIABILITIES						
Current liabilities	2,823,292	2,602,851	12,384	8,912	2,835,676	2,611,763
Noncurrent liabilities	9,523,177	10,818,219			9,523,177	10,818,219
Total liabilities	<u>12,346,469</u>	<u>13,421,070</u>	<u>12,384</u>	<u>8,912</u>	<u>12,358,853</u>	<u>13,429,982</u>
Deferred Inflows of Resources	<u>2,495,641</u>	<u>2,662,401</u>			<u>2,495,641</u>	<u>2,662,401</u>
Net Position	<u>\$ 5,637,398</u>	<u>\$ 4,779,891</u>	<u>\$ 382,004</u>	<u>\$ 361,280</u>	<u>\$ 6,019,402</u>	<u>\$ 5,141,171</u>
Net Position Consists of:						
Net investment in Capital Assets	\$ 13,007,217	\$ 12,542,115	\$ 11,632	\$ 6,788	\$ 13,018,849	\$ 12,548,903
Restricted Assets	1,104,470	217,462			1,104,470	217,462
Unrestricted Assets	<u>(8,474,289)</u>	<u>(8,490,128)</u>	<u>370,372</u>	<u>303,465</u>	<u>(8,103,917)</u>	<u>(8,186,663)</u>
Net Position	<u>\$ 5,637,398</u>	<u>\$ 4,269,449</u>	<u>\$ 382,004</u>	<u>\$ 310,253</u>	<u>\$ 6,019,402</u>	<u>\$ 4,579,702</u>

Governmental Activities

Governmental activities increased the net position of the School District by \$857,507 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Results of operations in the General Fund

Business-type Activities

Business-type activities increased the School District's net position by \$20,724. Key elements of the increase in net position for business-type activities are as follows:

- The Food Service Fund operated at a gain of \$947 for this fiscal year before accounting for a transfer from the operating fund of \$25,000. The net position balance at June 30, 2020 for the food service fund was \$42,325.
- The Community Education Program Fund operated at a loss of \$9,373 for this fiscal year. The net position balance at June 30, 2020 for the community education program fund was \$86,436.
- The After School Fund operated at a profit of \$4,150 for this fiscal year. The net position balance at June 30, 2020 for the After School Fund was \$253,243.

Audubon School District
Comparative Schedule of Changes in Net position
As of and for the Fiscal Year Ended June 30, 2020 and 2019

	2020	2019	2020	2019	2020	2019
Revenues:						
Charges for services	\$ 2,576,099	\$ 2,759,800	\$ 417,601	\$ 543,985	\$ 2,993,700	\$ 3,303,785
Operating grants and contributions	9,402,379	10,837,967	183,097	163,993	9,585,476	11,001,960
Property taxes	13,277,735	13,095,734			13,277,735	13,095,734
State aid - unrestricted	9,288,897	9,009,569			9,288,897	9,009,569
Other revenues	206,475	261,740	404	422	206,879	262,162
Total Revenues	34,751,585	35,964,810	601,102	708,400	35,352,687	36,673,210
Expenses:						
Governmental Activities:						
Instruction	11,264,839	11,322,367			11,264,839	11,322,367
Tuition	1,096,222	1,105,154			1,096,222	1,105,154
Related services	3,123,343	3,017,368			3,123,343	3,017,368
Administrative services	1,750,774	1,877,655			1,750,774	1,877,655
Operations and Maintenance	1,921,134	1,512,725			1,921,134	1,512,725
Transportation	401,254	1,004,622			401,254	1,004,622
Employee benefits	13,470,539	14,702,736			13,470,539	14,702,736
Interest on debt	170,162	188,596			170,162	188,596
Other	670,811	698,145			670,811	698,145
Business-Type Activities:						
Food Service			413,456	474,657	413,456	474,657
Community Education			70,732	70,393	70,732	70,393
After School Program			121,190	137,323	121,190	137,323
Total Expenses	33,869,078	35,429,368	605,378	682,373	34,474,456	36,111,741
Increase (Decrease) in Net Position before transfers	882,507	535,442	(4,276)	26,027	878,231	561,469
Transfers	(25,000)	(25,000)	25,000	25,000		
Change in Net Position	857,507	510,442	20,724	51,027	878,231	561,469
Net Position, July 1	4,779,891	4,269,449	361,280	310,253	5,141,171	4,579,702
Net Position, June 30	\$ 5,637,398	\$ 4,779,891	\$ 382,004	\$ 361,280	\$ 6,019,402	\$ 5,141,171

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 \$736,992, an increase of \$877,070 in comparison with the prior year. Results of operations in the general fund are the main reason for the increase.

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 \$367,478. 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 \$150,000, 2) excess surplus of \$251,680, 3) reserved for capital projects expenditures \$175,266, 4) reserved for maintenance expenditures \$175,125, 5) reserved for emergency expenditures \$150,000 and 4) reserved for year-end encumbrances \$202,399.

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 \$479,842, while total fund balance (budgetary basis) was \$1,584,313. 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 \$27,818,163. Unreserved fund balance (budgetary basis) represents 1.72% of expenditures while total fund balance (budgetary basis) represents 5.70% 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, 2020, totaled \$17,456,106 (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 \$669,542.

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

- Depreciation expense for the current fiscal year was \$671,623.
- Current year additions were \$2,081.

Capital Assets (net of accumulated depreciation) June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
Land	\$ 764,000	\$ 764,000	\$ -	\$ -	\$ 764,000	\$ 764,000
Const. in Progress					-	-
Site Improvements	360,596	414,502			360,596	414,502
Building and Building Improvements	16,081,442	16,641,214			16,081,442	16,641,214
Equipment	238,436	293,039	11,632	12,893	250,068	305,932
Total	\$ 17,444,474	\$ 18,112,755	\$ 11,632	\$ 12,893	\$ 17,456,106	\$ 18,125,648

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, 2020, the School District had total bonded debt outstanding of \$4,150,000 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 \$287,257, compensated absences balance of \$772,195 outstanding at the end of the current fiscal year, and a net pension liability of \$5,178,909.

General Obligation Bonds for the School District decreased by \$730,000, 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 \$29,085,776 and the legal debt margin was \$24,935,776.

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 2020-2021 fiscal year.

- The 2020-2021 general fund budget increased by \$338,469 (1.38%) over the previous year's budget. The tax rate for 2020 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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 1,234,865	\$ 354,245	\$ 1,589,110
Receivables, net	571,077	16,748	587,825
Inventory		11,763	11,763
Restricted assets:			
Cash and cash equivalents	500,391		500,391
Capital assets, net (Note 5)	17,444,474	11,632	17,456,106
Total Assets	19,750,807	394,388	20,145,195
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	728,701	-	728,701
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	20,479,508	394,388	20,873,896
LIABILITIES:			
Accounts payable			
Related to pensions	316,213		316,213
Other	722,020		722,020
Unearned revenue		12,384	12,384
State aid anticipation note payable	847,321		847,321
Accrued interest payable	72,554		72,554
Noncurrent liabilities:			
Due within one year	865,184		865,184
Due beyond one year	9,523,177		9,523,177
Total Liabilities	12,346,469	12,384	12,358,853
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	2,495,641	-	2,495,641
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	14,842,110	12,384	14,854,494
NET POSITION:			
Net investment in capital assets	13,007,217	11,632	13,018,849
Restricted for:			
Capital projects	175,266		175,266
Other purposes	929,204		929,204
Unrestricted	(8,474,289)	370,372	(8,103,917)
Total Net Position	\$ 5,637,398	\$ 382,004	\$ 6,019,402

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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 7,530,387	\$ 2,576,099	\$ 139,000	\$ -	\$ (4,815,288)	\$ -	\$ (4,815,288)
Special Education	2,511,702		360,478		(2,151,224)		(2,151,224)
Other instruction	1,222,750				(1,222,750)		(1,222,750)
Support Services:							
Tuition	1,096,222				(1,096,222)		(1,096,222)
Student & instruction related services	3,123,343		44,048		(3,079,295)		(3,079,295)
General administrative services	479,440				(479,440)		(479,440)
School administrative services	857,246				(857,246)		(857,246)
Central administrative services	414,088				(414,088)		(414,088)
Plant operations and maintenance	1,921,134				(1,921,134)		(1,921,134)
Pupil transportation	401,254				(401,254)		(401,254)
Unallocated employee benefits	13,470,539		8,858,853		(4,611,686)		(4,611,686)
Transfer of funds to Charter Schools	37,739				(37,739)		(37,739)
Interest on long-term debt	170,162				(170,162)		(170,162)
Unallocated depreciation and amortization	633,072				(633,072)		(633,072)
Total Governmental Activities	<u>33,869,078</u>	<u>2,576,099</u>	<u>9,402,379</u>	<u>-</u>	<u>(21,890,600)</u>	<u>-</u>	<u>(21,890,600)</u>
Business-Type Activities:							
Food service	413,456	231,306	183,097	-	-	947	947
Community education program	70,732	60,955		-	-	(9,777)	(9,777)
After school program	121,190	125,340		-	-	4,150	4,150
Total Business-Type Activities	<u>605,378</u>	<u>417,601</u>	<u>183,097</u>	<u>-</u>	<u>-</u>	<u>(4,680)</u>	<u>(4,680)</u>
Total Primary Government	<u>\$ 34,474,456</u>	<u>\$ 2,993,700</u>	<u>\$ 9,585,476</u>	<u>\$ -</u>	<u>(21,890,600)</u>	<u>(4,680)</u>	<u>(21,895,280)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					12,367,535		12,367,535
Taxes levied for debt service					910,200		910,200
Federal and State aid not restricted					9,288,897		9,288,897
Miscellaneous Income					206,475	404	206,879
Special Items:							
Transfer					(25,000)	25,000	-
Total general revenues, special items, extraordinary items and transfers					<u>22,748,107</u>	<u>25,404</u>	<u>22,773,511</u>
Change in Net Position					857,507	20,724	878,231
Net Position - July 1, 2019					4,779,891	361,280	5,141,171
Net Position - June 30, 2020					<u>\$ 5,637,398</u>	<u>\$ 382,004</u>	<u>\$ 6,019,402</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, 2020

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,234,865	\$ -	\$ -	\$ -	\$ 1,234,865
Receivables, net:					
State aid	293,534		187,200		480,734
Federal aid		88,593			88,593
Interfund	245,643	3,151			248,794
Restricted assets:					
Cash and cash equivalents	<u>500,391</u>				<u>500,391</u>
Total Assets	<u>2,274,433</u>	<u>91,744</u>	<u>187,200</u>		<u>2,553,377</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	686,969	35,051			722,020
Interfund payable	3,151	56,693	187,200		247,044
State aid anticipation note payable	<u>847,321</u>				<u>847,321</u>
Total Liabilities	<u>1,537,441</u>	<u>91,744</u>	<u>187,200</u>		<u>1,816,385</u>
Fund Balances:					
Restricted for:					
Excess surplus	251,680				251,680
Excess surplus - designated for subsequent year's budget	7,599				7,599
Maintenance reserve	175,125				175,125
Capital reserve	175,266				175,266
Emergency reserve	150,000				150,000
Assigned to:					
Year-end encumbrances	202,399				202,399
Subsequent year's budget	142,401				142,401
Unassigned	<u>(367,478)</u>				<u>(367,478)</u>
Total Fund Balances	<u>736,992</u>				<u>736,992</u>
Total Liabilities and Fund Balances	<u>\$ 2,274,433</u>	<u>\$ 91,744</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 \$31,918,856 and the accumulated depreciation is \$14,474,382. 17,444,474

Accounts payable related to the April 1, 2021 required PERS contribution that is not to be liquidated with current financial resources. (316,213)

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds. (72,554)

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	\$ 728,701	
Net Pension Liability	(5,178,909)	
Deferred Inflows of Resources from Pensions	<u>(2,495,641)</u>	(6,945,849)

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	(4,150,000)	
Capital Lease Payable	(287,257)	
Compensated Absences Payable	<u>(72,195)</u>	(5,209,452)

Net position of governmental activities \$ 5,637,398

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 12,367,535	\$ -	\$ -	\$ 910,200	\$ 13,277,735
Tuition	2,576,099				2,576,099
Miscellaneous	206,475				206,475
Total local sources	15,150,109			910,200	16,060,309
State sources	13,390,284				13,390,284
Federal sources	47,909	574,631			622,540
Total Revenues	<u>28,588,302</u>	<u>574,631</u>	<u>-</u>	<u>910,200</u>	<u>30,073,133</u>
EXPENDITURES:					
Current expense:					
Regular instruction	7,439,048	139,000			7,578,048
Special education instruction	2,151,224	360,478			2,511,702
Other instruction	1,222,750				1,222,750
Support services and undistributed costs:					
Tuition	1,096,222				1,096,222
Student & instruction related services	3,079,295	44,048			3,123,343
General administrative services	450,991				450,991
School administrative services	857,246				857,246
Central administrative services	414,088				414,088
Plant operations and maintenance	1,768,039				1,768,039
Pupil transportation	400,535				400,535
Unallocated employee benefits	8,573,307	31,105			8,604,412
Capital outlay	302,679				302,679
Transfer of funds to Charter Schools	37,739				37,739
Debt service:					
Principal				730,000	730,000
Interest and other charges				180,200	180,200
Total Expenditures	<u>27,793,163</u>	<u>574,631</u>	<u>-</u>	<u>910,200</u>	<u>29,277,994</u>
Excess (deficiency) of revenues over (under) expenditures	<u>795,139</u>				<u>795,139</u>
Other Financing Sources (Uses):					
Proceeds of Capital Lease	106,931				106,931
Transfers out	(25,000)				(25,000)
Total other financing sources (uses)	<u>81,931</u>				<u>81,931</u>
Net Change in Fund Balance	877,070				877,070
Fund balance - July 1, 2019	(140,078)				(140,078)
Fund Balance - June 30, 2020	<u>\$ 736,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,992</u>

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, 2020

Total net change in fund balances - governmental funds (from B-2)		\$ 877,070
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>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.</p>		
Depreciation expense	\$ (670,362)	
Fixed assets additions	2,081	(668,281)
<p>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.</p>		
		730,000
<p>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.</p>		
		10,038
<p>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.</p>		
		153,924
<p>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.</p>		
		(106,931)
<p>Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.</p>		
		(187,675)
<p>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 (+)</p>		
		49,362
Change in net position of governmental activities		\$ 857,507

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, 2020

	Business-Type Activities			Total
	Enterprise Funds			
	Food Service Fund	Community Education Program	After School Program	
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 14,566	\$ 86,436	\$ 253,243	\$ 354,245
Intergovernmental receivables				
State	1,253	-	-	1,253
Federal	11,246	-	-	11,246
Other	4,249	-	-	4,249
Inventories	11,763	-	-	11,763
Total current assets	<u>43,077</u>	<u>86,436</u>	<u>253,243</u>	<u>382,756</u>
Noncurrent assets:				
Machinery and equipment (net of accumulated depreciation)	11,632	-	-	11,632
Total noncurrent assets	<u>11,632</u>	<u>-</u>	<u>-</u>	<u>11,632</u>
Total Assets	<u>54,709</u>	<u>86,436</u>	<u>253,243</u>	<u>394,388</u>
LIABILITIES:				
Current liabilities:				
Unearned revenue	12,384	-	-	12,384
Total Current Liabilities	<u>12,384</u>	<u>-</u>	<u>-</u>	<u>12,384</u>
NET POSITION:				
Net Investment in capital assets	11,632	-	-	11,632
Unrestricted	30,693	86,436	253,243	370,372
Total Net Position	<u>\$ 42,325</u>	<u>\$ 86,436</u>	<u>\$ 253,243</u>	<u>\$ 382,004</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, 2020

	Business-Type Activities			Totals
	Enterprise Funds			
	Food Service Fund	Community Education Program	After School Program	
Operating Revenues:				
Charges for services:				
Daily sales:				
Reimbursable programs	\$ 93,389	\$ -	\$ -	\$ 93,389
Non-reimbursable programs	137,917	-	-	137,917
Program fees	-	60,955	125,340	186,295
Total Operating Revenue	231,306	60,955	125,340	417,601
Operating Expenses:				
Salaries	179,440	21,411	116,932	317,783
Employee benefits	23,912	1,624	821	26,357
Management fee	30,600	-	-	30,600
Supplies and materials	11,265	47,697	3,437	62,399
Other costs	13,266	-	-	13,266
Depreciation	1,261	-	-	1,261
Cost of sales - reimbursable programs	99,467	-	-	99,467
Cost of sales - nonreimbursable programs	54,245	-	-	54,245
Total Operating Expenses	413,456	70,732	121,190	605,378
Operating Income (Loss)	(182,150)	(9,777)	4,150	(187,777)
Non-Operating Revenues:				
State sources:				
State school lunch program	4,694	-	-	4,694
Federal sources:				
National school lunch program	125,470	-	-	125,470
National school breakfast program	29,343	-	-	29,343
Food distribution program	23,590	-	-	23,590
Local sources:				
Interest earned	-	404	-	404
Total Non-Operating Revenues	183,097	404	-	183,501
Income (Loss) before Contributions and Transfers	947	(9,373)	4,150	(4,276)
Operating Transfers In	25,000	-	-	25,000
Change in Net Position	25,947	(9,373)	4,150	20,724
Net Position - July 1, 2019	16,378	95,809	249,093	361,280
Net Position - June 30, 2020	\$ 42,325	\$ 86,436	\$ 253,243	\$ 382,004

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, 2020

	Business-Type Activities			Total
	Enterprise Funds			
	Food Service Fund	Community Education Program	After School Program	
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 237,109	\$ 60,955	\$ 125,340	\$ 423,404
Cash payments to employees for services	(203,352)	(23,035)	(117,753)	(344,140)
Cash payments to suppliers for goods and services	(195,884)	(47,697)	(3,543)	(247,124)
Net cash used by operating activities	(162,127)	(9,777)	4,044	(167,860)
Cash Flows from Noncapital Financing Activities:				
Cash received from state sources	4,272	-	-	4,272
Cash received from federal sources	169,738	-	-	169,738
Operating transfer in	25,000	-	-	25,000
Net cash provided by noncapital financing activities	199,010	-	-	199,010
Cash Flows used by Capital and Related Financing Activities:				
Purchases of capital assets	-	-	-	-
Net cash provided by capital and related financing activities	-	-	-	-
Cash Flow Provided by Investing Activities:				
Interest on cash equivalents	-	404	-	404
Net increase (decrease) in cash and cash equivalents	36,883	(9,373)	4,044	31,554
Cash and cash equivalents - July 1, 2019	(22,317)	95,809	249,199	322,691
Cash and cash equivalents - June 30, 2020	<u>\$ 14,566</u>	<u>\$ 86,436</u>	<u>\$ 253,243</u>	<u>\$ 354,245</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (182,150)	\$ (9,777)	\$ 4,150	\$ (187,777)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:				
Depreciation	1,261	-	-	1,261
Commodities	23,590	-	-	23,590
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(344)	-	-	(344)
(Increase) decrease in inventory	(8,062)	-	-	(8,062)
Increase (decrease) in unearned revenue	6,146	-	-	6,146
Increase (decrease) in accounts payable	(2,568)	-	(106)	(2,674)
Net cash provided by (used for) operating activities	<u>\$ (162,127)</u>	<u>\$ (9,777)</u>	<u>\$ 4,044</u>	<u>\$ (167,860)</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, 2020

	Trust Funds			Agency Funds
	Unemployment Compensation Trust	Flexible Benefit Trust	Private Purpose Scholarship Fund	
ASSETS:				
Cash and cash equivalents	\$ 360,102	\$ 5,442	\$ 199,688	\$ 486,561
Total Assets	<u>360,102</u>	<u>5,442</u>	<u>199,688</u>	<u>486,561</u>
LIABILITIES:				
Accounts payable	35,596	804	-	-
Interfund payable	-	1,750	-	-
Other payable	-	-	-	10
Due to student groups	-	-	-	486,551
Total Liabilities	<u>35,596</u>	<u>2,554</u>	<u>-</u>	<u>\$ 486,561</u>
NET POSITION:				
Held in trust for unemployment claims and other purposes	<u>\$ 324,506</u>			
Held in trust for claims		<u>\$ 2,888</u>		
Reserved for scholarships			<u>\$ 199,688</u>	

AUDUBON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefit Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS:			
Contributions			
Employee	\$ 3,526	\$ 35,460	\$ -
Donations	-	-	12,065
Total Contributions	<u>3,526</u>	<u>35,460</u>	<u>12,065</u>
Interest earned on investments	<u>859</u>	<u>63</u>	<u>2,592</u>
Total Additions	<u>4,385</u>	<u>35,523</u>	<u>14,657</u>
DEDUCTIONS:			
Claims paid	86,406	35,238	-
Scholarships awarded	-	-	13,500
Total Deductions	<u>86,406</u>	<u>35,238</u>	<u>13,500</u>
Change in Net Position	(82,021)	285	1,157
Net Position - July 1, 2019	<u>406,527</u>	<u>2,603</u>	<u>198,531</u>
Net Position - June 30, 2020	<u>\$ 324,506</u>	<u>\$ 2,888</u>	<u>\$ 199,688</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, 2020

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, 2020 of 1,471 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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020 and 2019 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, 2020.

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, 2020**

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

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

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

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

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

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

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, 2020

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, 2020.

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, 2020

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 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, 2019. 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 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.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. This Statement should have no impact on the District’s financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after December 15, 2022. This Statement should have no impact on the District’s financial statements.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) - In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. 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 \$3,706,881 as of June 30, 2020, \$335,746 was insured under FDIC and the remaining balance of \$3,371,135 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, 2020

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follow:

Balance – July 1, 2019		\$	25,140
Increased by:			
Interest earned	\$	126	
Board resolution	<u>150,000</u>		<u>150,126</u>
			175,266
Decreased by:			
Budget withdrawal			<u> </u>
Balance – June 30, 2020		<u>\$</u>	<u>175,266</u>

The June 30, 2020 capital reserve balance does not exceed the LRFPP balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2020 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, 2020 for the School District’s individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Proprietary Fund	Total
Intergovernmental						
District Tax Levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	293,533	-	187,200	-	1,253	481,986
Federal	-	88,593	-	-	11,246	99,839
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,249</u>	<u>4,249</u>
Total	<u>\$ 293,533</u>	<u>\$ 88,593</u>	<u>\$ 187,200</u>	<u>\$ -</u>	<u>\$ 16,748</u>	<u>\$ 586,074</u>

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:				
Land	\$ 764,000	\$ -	\$ -	\$ 764,000
Total Capital Assets not being Depreciated	<u>764,000</u>	<u>-</u>	<u>-</u>	<u>764,000</u>
Capital Assets, being Depreciated:				
Land Improvements	1,554,117	-	-	1,554,117
Building and Improvements	27,795,065	-	-	27,795,065
Equipment	1,803,593	2,081	-	1,805,674
Total Historical Cost	<u>31,152,775</u>	<u>2,081</u>	<u>-</u>	<u>31,154,856</u>
Less Accumulated Depreciation:				
Land Improvements	(1,139,615)	(53,906)	-	(1,193,521)
Building and Improvements	(11,153,851)	(559,772)	-	(11,713,623)
Equipment	(1,510,554)	(56,684)	-	(1,567,238)
Total Accumulated Depreciation	<u>(13,804,020)</u>	<u>(670,362)</u>	<u>-</u>	<u>(14,474,382)</u>
Total Capital Assets, being depreciated, net	<u>17,348,755</u>	<u>-</u>	<u>-</u>	<u>16,680,474</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,112,755</u>	<u>\$ (668,281)</u>	<u>\$ -</u>	<u>\$ 17,444,474</u>
Business-Type Activities:				
Equipment	\$ 202,851	\$ -	\$ -	\$ 202,851
Less - Accumulated Depreciation	<u>(189,958)</u>	<u>(1,261)</u>	<u>-</u>	<u>(191,219)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,893</u>	<u>\$ (1,261)</u>	<u>\$ -</u>	<u>\$ 11,632</u>

Depreciation expense in the amount of \$670,362 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 1,701
General Administration	28,449
Plant Operations and Maintenance	6,421
Transportation	719
Unallocated	<u>633,072</u>
Total depreciation expense	<u>\$ 670,362</u>

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

6. INVENTORY

Inventory in the food service fund at June 30, 2020 consisted of the following:

Food	\$ 9,964
Supplies	<u>1,799</u>
	<u>\$ 11,763</u>

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

	<u>Principal Outstanding June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 821,557	\$ 47,982	\$ 97,344	\$ 772,195	\$ 7,650
Obligations under Capital Leases	334,250	106,931	153,924	287,257	127,534
General Obligation Bonds	4,880,000		730,000	4,150,000	730,000
Net Pension Liability	<u>5,643,795</u>		<u>464,886</u>	<u>5,178,909</u>	
	<u>\$ 11,679,602</u>	<u>\$ 154,913</u>	<u>\$ 1,446,154</u>	<u>\$ 10,388,361</u>	<u>\$ 865,184</u>

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

2012 Refunding dated January 15, 2012 in the amount of \$4,150,000 due in annual installments through January 15, 2025, bearing interest rate of 3.00% to 4.00%.

As of June 30, 2020, principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 770,000	\$ 158,300	\$ 928,300
2022	785,000	135,200	920,200
2023	815,000	103,800	918,800
2024	880,000	71,200	951,200
2025	<u>900,000</u>	<u>36,000</u>	<u>936,000</u>
	<u>\$ 4,150,000</u>	<u>\$ 504,500</u>	<u>\$ 4,654,500</u>

As of June 30, 2020, 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 School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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>
Dell Chromebooks	January 2, 2023	3.950%	106,931
Dell Chromebooks/HVAC	August 1, 2022	2.290%	380,000
Dell Chromebooks	February 15, 2021	5.440%	100,000

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, 2020:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 127,534	\$ 8,815	\$ 136,349
2022	96,972	4,263	101,235
2023	62,751	1,437	64,188
	<u>\$ 287,257</u>	<u>\$ 14,515</u>	<u>\$ 301,772</u>

8. OPERATING LEASES

At June 30, 2020, the School District had operating lease agreements in effect for copy machines. Rental payments for such leases were \$78,378 for the fiscal year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2021	\$ 54,630
2022	54,630
2023	54,630
2024	13,657
	<u>\$ 177,547</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 School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to 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, the member contribution rate was 7.50% in State fiscal year 2020. 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.

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, 2020 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2020 was \$2,118,860 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$887,070.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

9. PENSION PLANS (Continued)

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

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, 2020, 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, 2020, the School District recognized pension expense of \$3,814,649 and revenue of \$3,814,649 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.

	<u>06/30/19</u>	<u>06/30/18</u>
Collective deferred outflows of resources	\$ 9,932,767,606	\$ 12,473,998,870
Collective deferred inflows of resources	17,539,845,423	16,180,773,643
Collective net pension liability (Non-Employer – State of New Jersey)	61,519,112,443	63,617,852,031
State's portion of the net pension liability that was associated with the School District	64,674,065	68,377,727
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.1053822239%	.1074819793%

Actuarial assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55- 4.45%
	based on years of service
Thereafter	2.75 – 5.65%
	based on years of service
Investment Rate of Return:	7.00%

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality tables with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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, 2019, 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 5.60%, 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 (4.60%) or 1 percentage point higher (6.60%) that the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	76,265,037	64,674,065	55,057,218
	\$ 76,265,037	\$ 64,674,065	\$ 55,057,218

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. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Authority, 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. For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Vesting and Benefit Provisions – 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 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 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for 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. The member contribution rate was 7.50% in State fiscal year 2019. 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, 2020 was 16.39% 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, 2019, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$280,173 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$146,180.

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>
2020	\$ 25,872	\$ -	\$ 239,412	\$ 14,295	\$ 594	\$ 280,173
2019	35,629	-	236,521	12,964	504	285,618
2018	39,676	-	247,074	14,693	1,128	302,571

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.

At June 30, 2020, the School District reported a liability of \$5,178,909 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The School District's proportion of the 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.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2020, the School District recognized pension expense of \$151,040. At June 30, 2020, the School District reported a liability of \$5,178,909 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,955	\$ 22,878
Changes of assumptions	517,133	1,797,583
Net Difference between projected and actual earnings on pension plan investments		81,751
Changes in proportion	118,613	593,429
District contributions subsequent to the measurement date	316,213	
Total	\$ 1,044,914	\$ 2,495,641

\$316,213 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, 2020, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net liability in the year ended June 30, 2020.

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

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2021	\$ (345,293)
2022	(616,630)
2023	(465,053)
2024	(313,966)
2025	(25,998)
Total	\$ (1,766,940)

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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 Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
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
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00

Public Employees' Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2019 and 2018 are as follows:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,645,087,574	\$ 7,646,736,226
Collective net pension liability	\$ 18,143,832,135	\$ 19,689,501,539
School District's Proportion	.0287422060%	.0286639807%

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Actuarial assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2019) 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 PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	<u>100.00%</u>	

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Discount rate. The discount rate used to measure the State's total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019, calculated using the discount rate of 6.28%, 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 (5.28%) or 1 percentage point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
School District's proportionate share of the net pension liability	\$ 6,541,804	\$ 5,178,909	\$ 4,030,477

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

Defined Contribution Retirement Program (DCRP)

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

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

Fiscal Year	Total Liability	Paid by School District
2020	\$ 24,239	\$ 24,239
2019	22,800	22,800
2018	20,209	20,209

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan (the “OPEB Plan”) is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated io. 75 – Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the “Division”) and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Contributions

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

Plan Membership

As of June 30, 2018, the program membership consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	364,943

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB Plan for qualified retired PERS, TPAF and PFRS participants. The School Districts’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial assumptions and other imputes - The total nonemployer OPEB liability as of the June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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 rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases Through 2026	1.55 – 3.05% based on years of service	2.00 – 6.00% based on age	3.25 – 15.25% based on age
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the Pub-2010 Healthy Teacher’s (TPAF), and “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate - The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total Nonemployer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total nonemployer OPEB liability associated with the School District:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2018	\$ 53,603,023
Changes for the years'	
Service Cost	1,745,077
Interest	2,114,612
Changes of benefit terms	
Differences between expected and actual experience	(8,827,657)
Changes in assumptions	714,523
Gross Benefit Payments	(1,471,066)
Contributions from the Non-employer	N/A
Contributions from the Member	43,606
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	<u>\$ (5,680,905)</u>
Balance at 06/30/2019	<u>\$ 47,922,118</u>

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage -point lower or 1percentage-point higher than the current rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 56,614,959	\$ 47,922,118	\$ 41,017,002

Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate - The following presents the total nonemployer OPEB liability as of June 30, 2019, associated with the School District, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage -point lower or 1percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 58,161,056	\$ 47,922,118	\$ 38,864,799

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2020, the School District recognized \$712,763 in OPEB expense and revenue, in the government-wide financial statements, for the State’s proportionate share of the OPEB Plan’s OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan’s June 30, 2019 measurement date.

In accordance with GASBS No. 75, the School District’s proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District.

At June 30, 2020, the State’s proportionate share of the total nonemployer OPEB liability’s deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and		
actual experiences	\$ -	\$ 12,041,045
Changes of assumptions	-	9,740,278
Total	\$ -	\$ 21,781,323

Amounts reported as deferred outflows of resources and deferred inflows of resources related to State’s proportionate share of the total nonemployer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

For the year ended:	
2020	\$ (2,924,459)
2021	(2,924,459)
2022	(2,924,459)
2023	(2,924,459)
2024	(2,924,459)
Therafter	(7,159,028)
Total	\$ (21,781,323)

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.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, 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 \$2,400,076, \$890,385, and \$1,931, respectively. In addition, \$856,904 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.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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, 2020, 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.

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>Year</u>	<u>Earned</u>	<u>Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2020	\$ 859	\$ 3,526	\$ 86,406	\$ 324,506
2019	376	25,955	18,125	406,527
2018	217	51,856	39,904	398,321

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.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

14. COMPENSATED ABSENCES (Continued)

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, 2020, the liability for compensated absences in the governmental activities was \$772,195.

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, 2021. The following interfund balances were recorded on the various balance sheets as of June 30, 2020:

Fund	Interfunds Receivable	Interfunds Payable
General Fund	\$ 245,643	\$ 3,151
Special Revenue	3,151	56,693
Capital Projects	-	187,200
Fiduciary Funds	-	1,750
	\$ 248,794	\$ 248,794

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, 2020, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. FLEXIBLE BENEFITS PROGRAM

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

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.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

17. FLEXIBLE BENEFITS PROGRAM (Continued)

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 63	\$ 35,460	\$ 35,238	\$ 2,888
2019	96	43,341	41,722	2,603
2018	21	19,950	20,488	888

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, 2019, the Borough of Audubon had no tax abatements.

19. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$367,478 in the General Fund as of June 30, 2020 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable.

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

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$367,478 is equal to or less than the June state aid payment.

**Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

20. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2020, a deficit of \$8,474,289 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, 2020:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ (367,478)
Liabilities:	
Accrued Interest Payable	(72,554)
Net Pension Difference	(7,262,062)
Compensated Absences	(772,195)
Unrestricted Net Position (Deficit)	\$ (8,474,289)

21. LOAN PAYABLE – STATE SCHOOL AID ANTICIPATION NOTE

N.J.S.A. 18A:22-44.2, states that if a board of education of a school district is notified by the Commissioner of Education that one or more June state school aid payments will not be made until the following school budget year, and the school district demonstrates through a written application to the commissioner the need to borrow and the commissioner approves the application, the board may borrow on or before June 30 of the current school budget year but not earlier than June 8 of the current school budget year a sum not exceeding the amount of the delayed state school aid payments, and may execute and deliver promissory notes therefore through private sale or delivery thereof. In accordance with this statute, on June 12, 2020, the School District issued a State School Aid Anticipation Note in the amount of \$423,660 at an annual interest rate of 2.00% with a maturity date of July 13, 2020. On June 26, 2020, the School District issued a State School Aid Anticipation Note in the amount of \$423,661 at an annual interest rate of 2.00% with a maturity date of July 13, 2020. The State of New Jersey shall pay on behalf of the School District the required interest due on the Notes.

22. 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. The excess fund balance at June 30, 2020 is \$251,680 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$7,599 of excess fund balance generated during the 2018-2019 fiscal year has been restricted and designated for utilization in the 2020-2021 budget.

Capital Reserve – As of June 30, 2020, the balance in the capital reserve account is \$175,266. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long-Range Facilities Plan.

Audubon School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

22. FUND BALANCES (Continued)

Maintenance Reserve Account – As of June 30, 2020, the balance in the maintenance reserve account is \$175,125. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Emergency Reserve – As of June 30, 2020, the balance in the emergency reserve is \$150,000. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a through and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2020 the School District has \$202,399 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2021, \$142,401 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, 2020, the unassigned fund balance of the general fund was a deficit of \$367,478. 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).

23. SUBSEQUENT EVENTS

COVID-19 - the management of the School District has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the School District. While the impact that COVID-19 will have is currently expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 12,367,535	\$ -	\$ 12,367,535	\$ 12,367,535	\$ -
Tuition from Individuals	49,600		49,600	28,750	(20,850)
Tuition from other LEA's	2,496,736		2,496,736	2,547,349	50,613
Capital reserve interest	50		50	126	76
Maintenance reserve interest				125	125
Unrestricted misc. revenues	287,400		287,400	206,224	(81,176)
Total local sources	15,201,321		15,201,321	15,150,109	(51,212)
State sources:					
Categorical special education aid	1,046,915		1,046,915	1,046,915	
Equalization aid	6,131,330		6,131,330	6,131,330	
Categorical security aid	200,391		200,391	200,391	
Adjustment aid	450,596		450,596	450,596	
Transportation aid	73,419		73,419	73,419	
School choice aid	1,024,191		1,024,191	1,024,191	
Emergency aid		122,709	122,709	122,709	
Extraordinary aid	200,000		200,000	209,103	9,103
On-behalf TPAF pension contrib.. (non-budgeted)				2,400,076	2,400,076
On-behalf TPAF post ret.medical (non-budgeted)				890,385	890,385
On-behalf TPAF LTDI (non-budgeted)				1,931	1,931
Reimbursed TPAF social security contribution (non-budgeted)				856,904	856,904
Total state sources	9,126,842	122,709	9,249,551	13,407,950	4,158,399
Federal sources:					
Medicaid Initiative (SEMI)	44,937		44,937	47,909	2,972
Total federal sources	44,937		44,937	47,909	2,972
TOTAL REVENUES	24,373,100	122,709	24,495,809	28,605,968	4,110,159
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	500,828	9,172	510,000	507,805	2,195
Grades 1-5	1,933,524	33,254	1,966,778	1,922,956	43,822
Grades 6-8	1,320,035	85,803	1,405,838	1,395,570	10,268
Grades 9-12	3,005,251	(173,800)	2,831,451	2,824,682	6,769
Regular Programs - Home Instruction:					
Salaries of teachers	15,000	(2,500)	12,500	6,430	6,070
Purchased professional - educational services	20,000	(7,500)	12,500	12,159	341
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	181,879	18,771	200,650	192,806	7,844
Purchased professional - educational services	1,984		1,984	560	1,424
Purchased technical services	107,149	(12,000)	95,149	89,997	5,152
Other purchased services	177,577	629	178,206	155,936	22,270
General supplies	394,708	(6,171)	388,537	317,942	70,595
Textbooks	25,502	522	26,024	12,205	13,819
Total - Regular Programs - Instruction	7,683,437	(53,820)	7,629,617	7,439,048	190,569

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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of teachers	\$ 259,900	\$ 23,375	\$ 283,275	\$ 274,335	\$ 8,940
Other salaries for instruction	102,726	(13,375)	89,351	86,447	2,904
General supplies	8,000		8,000	6,477	1,523
Total learning and/or language disab.	<u>370,626</u>	<u>10,000</u>	<u>380,626</u>	<u>367,259</u>	<u>13,367</u>
Behavioral Disabilities:					
Salaries of teachers					
Other salaries for instruction					
General supplies					
Total behavioral disabilities					
Resource room/resource center:					
Salaries of teachers	1,636,383	(112,686)	1,523,697	1,520,134	3,563
Other salaries for instruction	138,586	31,284	169,870	157,908	11,962
General supplies	9,100		9,100	7,086	2,014
Total resource room/resource center	<u>1,784,069</u>	<u>(81,402)</u>	<u>1,702,667</u>	<u>1,685,128</u>	<u>17,539</u>
Preschool Disabilities - Part-Time:					
Salaries of teachers	103,548	(35,000)	68,548	55,038	13,510
Other salaries for instruction	55,728	(20,000)	35,728	33,673	2,055
General supplies	2,000		2,000	733	1,267
Total preschool disabilities - part-time	<u>161,276</u>	<u>(55,000)</u>	<u>106,276</u>	<u>89,444</u>	<u>16,832</u>
Home Instruction					
Salaries of teachers	20,000		20,000	1,685	18,315
Purchased professional - educational services	12,700		12,700	7,708	4,992
Total home instruction	<u>32,700</u>		<u>32,700</u>	<u>9,393</u>	<u>23,307</u>
Total Special Education - Instruction	<u>2,348,671</u>	<u>(126,402)</u>	<u>2,222,269</u>	<u>2,151,224</u>	<u>71,045</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	213,042	275,832	488,874	486,470	2,404
Other salaries for instruction					
General supplies					
Total basic skills/remedial - instruction	<u>213,042</u>	<u>275,832</u>	<u>488,874</u>	<u>486,470</u>	<u>2,404</u>
School-Sponsored Cocurricular Act - Instruction:					
Salaries of teachers	297,640	(58,410)	239,230	212,737	26,493
Supplies and materials	73,725		73,725	34,988	38,737
Transfer to Cover Deficit		1,900	1,900	1,889	11
Total school-sponsored cocurr. act. - instruct.	<u>371,365</u>	<u>(56,510)</u>	<u>314,855</u>	<u>249,614</u>	<u>65,241</u>
School-Sponsored Athletics - Instruction:					
Salaries of teachers	395,000	(31,000)	364,000	361,902	2,098
Purchased services		40,000	40,000	40,000	
Supplies and materials	92,800	700	93,500	77,855	15,645
Other objects	8,500	(700)	7,800	6,909	891
Total school-sponsored athletics - instruct.	<u>496,300</u>	<u>9,000</u>	<u>505,300</u>	<u>486,666</u>	<u>18,634</u>
Community Services Programs/Operations					
Salaries	14,000		14,000		14,000
Total Community Services Programs/Operations	<u>14,000</u>		<u>14,000</u>		<u>14,000</u>
Total Instruction	<u>11,126,815</u>	<u>48,100</u>	<u>11,174,915</u>	<u>10,813,022</u>	<u>361,893</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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - regular	\$ 18,330	\$ (18,330)	\$ -	\$ -	\$ -
Tuition to other LEAs within the state - spec	88,973	15,928	104,901	104,900	1
Tuition to county vocational school - reg	23,665	2	23,667	23,667	
Tuition to CSSD & regional day school	97,311		97,311	67,273	30,038
Tuition to priv. sch. for the disabled in state	957,721	(106,688)	851,033	850,695	338
Tuition to priv. sch. for the disabled out of state		49,688	49,688	49,687	1
Total undistributed expenditures - instruction	<u>1,186,000</u>	<u>(59,400)</u>	<u>1,126,600</u>	<u>1,096,222</u>	<u>30,378</u>
Attendance and Social Work Services:					
Salaries	55,405	7,195	62,600	62,100	500
Total	<u>55,405</u>	<u>7,195</u>	<u>62,600</u>	<u>62,100</u>	<u>500</u>
Health Services:					
Salaries	260,500	13,300	273,800	273,707	93
Purchased professional and technical services	22,875		22,875	13,013	9,862
Other purchased services	500		500		500
Supplies and materials	9,200		9,200	3,957	5,243
Total health services	<u>293,075</u>	<u>13,300</u>	<u>306,375</u>	<u>290,677</u>	<u>15,698</u>
Speech, OT, PT & Related Services:					
Salaries	306,263	3,500	309,763	308,770	993
Purchased professional - educational services	43,060	3,800	46,860	46,804	56
Supplies and materials	4,000		4,000	2,738	1,262
Total speech, ot, pt, & related services	<u>353,323</u>	<u>7,300</u>	<u>360,623</u>	<u>358,312</u>	<u>2,311</u>
Other Supp. Service STD - Extra Services					
Purchased professional - educational services	186,960	(53,800)	133,160	132,768	392
Total Supp. Service STD - Extra Services	<u>186,960</u>	<u>(53,800)</u>	<u>133,160</u>	<u>132,768</u>	<u>392</u>
Guidance:					
Salaries of other professional staff	592,410	43,624	636,034	635,840	194
Salaries of secretarial and clerical assistants	43,000	30,256	73,256	63,135	10,121
Purchased professional - educational services	30,500	3,050	33,550	27,770	5,780
Other purchased prof. and tech services	32,250		32,250	31,983	267
Other purchased services (400-500 series)	2,400		2,400	2,038	362
Supplies and materials	8,400		8,400	3,595	4,805
Other objects		845	845	845	
Total guidance	<u>708,960</u>	<u>77,775</u>	<u>786,735</u>	<u>765,206</u>	<u>21,529</u>
Child Study Teams:					
Salaries of other professional staff	665,046	(82,575)	582,471	572,628	9,843
Salaries of secretarial and clerical assistants	88,784	13,983	102,767	102,320	447
Purchased professional - educational services	13,500		13,500	7,105	6,395
Other purchased services (400-500 series)	16,600		16,600	10,830	5,770
Supplies and materials	6,500	(25)	6,475	3,737	2,738
Other Objects	1,030	25	1,055	1,055	
Total child study teams	<u>791,460</u>	<u>(68,592)</u>	<u>722,868</u>	<u>697,675</u>	<u>25,193</u>
Improvement of Instruction Services:					
Salaries of supervisors of instruction	251,852	178,044	429,896	394,780	35,116
Salaries of other professional staff	64,411	27,460	91,871	90,830	1,041
Salaries of secretarial and clerical assistants	51,500	1,500	53,000	52,500	500
Purchased professional - educational services	4,000		4,000		4,000
Other purchase services (400-500)	4,000		4,000	170	3,830
Supplies and materials	9,380		9,380	5,237	4,143
Other objects	3,910		3,910	1,840	2,070
Total improvement of instructional services	<u>389,053</u>	<u>207,004</u>	<u>596,057</u>	<u>545,357</u>	<u>50,700</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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	\$ 140,842	\$ 10,858	\$ 151,700	\$ 151,200	\$ 500
Purchased professional - technical services	14,820		14,820	2,400	12,420
Supplies and materials	8,125	20	8,145	3,066	5,079
Other objects	390		390		390
Total educational media services/school library	164,177	10,878	175,055	156,666	18,389
Instructional Staff Training Services:					
Salaries of supervisors of instruction	160,376	(160,376)			
Salaries of other professional staff	52,971		52,971	52,970	1
Other salaries	16,200	(13,880)	2,320	2,240	80
Purchased professional - educational services	5,000	1,380	6,380	5,880	500
Other purchased services (400-500 series)	39,560	(27,500)	12,060	9,444	2,616
Supplies and materials					
Total instructional staff training services	274,107	(200,376)	73,731	70,534	3,197
Support Services - General Administration:					
Salaries	202,440	560	203,000	203,000	
Legal services	36,000	22,000	58,000	49,162	8,838
Audit Fees	25,194		25,194	24,700	494
Other purchased professional services	5,820	19,600	25,420	9,744	15,676
Purchased technical services	3,442	2,490	5,932	5,932	
Communications / telephone	59,400	900	60,300	57,843	2,457
Other purchased services	81,628	(255)	81,373	80,698	675
General supplies	16,000	(3,669)	12,331	5,806	6,525
BOE Membership dues and fees	12,387	(1,800)	10,587	10,379	208
Miscellaneous expenditures		4,174	4,174	3,727	447
Total support services - general administration	442,311	44,000	486,311	450,991	35,320
Support Services - School Administration:					
Salaries of principals/assist. principals	560,732	1,011	561,743	560,743	1,000
Salaries of secretarial and clerical assistants	365,868	(80,920)	284,948	283,237	1,711
Other purchased services (400-500 series)	8,000	12,436	20,436	3,028	17,408
Supplies and materials	3,500	(111)	3,389	498	2,891
Other objects	9,200	5,984	15,184	9,740	5,444
Total support services - school administration	947,300	(61,600)	885,700	857,246	28,454
Central Services:					
Salaries	332,598		332,598	325,956	6,642
Purchased technical services	29,992		29,992	21,858	8,134
Misc. purchased services	3,890		3,890	875	3,015
Supplies and materials	6,000		6,000	4,410	1,590
Interest on lease purchase	13,199		13,199	3,530	9,669
Miscellaneous expenditures	1,440		1,440	1,430	10
Total central services	387,119		387,119	358,059	29,060
Admin. Informational Technology					
Salaries	55,672	44,000	99,672	55,672	44,000
Other purchased services (400-500 series)	500		500	357	143
General supplies					
Total admin. informational technology	56,172	44,000	100,172	56,029	44,143
Required Maintenance School Facilities:					
Salaries	315,538	(60,300)	255,238	241,885	13,353
Cleaning, Repair, and Maintenance Services		110,925	110,925	49,625	61,300
General supplies	10,000		10,000		10,000
Total required maintenance school facilities	325,538	50,625	376,163	291,510	84,653

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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Operation & Maintenance of Plant:					
Salaries	\$ 734,004	\$ (15,700)	\$ 718,304	\$ 675,982	\$ 42,322
Rental of Land & Bldg. Oth. Than Lease Pur.	46,000		46,000	46,000	
Other purchased property services	60,800		60,800	57,004	3,796
Insurance	83,495	19,423	102,918	102,782	136
Misc. Purchased Services	55,000	5,100	60,100	59,805	295
General Supplies	143,000	(10,000)	133,000	100,256	32,744
Energy (Electricity)	311,075	(34,528)	276,547	262,799	13,748
Other objects	300	105	405	264	141
Energy (Natural Gas)	114,057	(55,000)	59,057	58,493	564
Total other operations & maint. of plant	<u>1,547,731</u>	<u>(90,600)</u>	<u>1,457,131</u>	<u>1,363,385</u>	<u>93,746</u>
Care & Upkeep of Grounds:					
Salaries	121,914	(10,000)	111,914	101,806	10,108
General Supplies	8,500	2,900	11,400	11,338	62
Total care and upkeep of grounds	<u>130,414</u>	<u>(7,100)</u>	<u>123,314</u>	<u>113,144</u>	<u>10,170</u>
Total operation & maint. of plant services	<u>2,003,683</u>	<u>(47,075)</u>	<u>1,956,608</u>	<u>1,768,039</u>	<u>188,569</u>
Student Transportation Services:					
Salaries for Pupil Trans (other than between home and school)	49,000	15,000	64,000	42,869	21,131
Management fee - ESC Transp. programs	18,000		18,000	13,140	4,860
Cleaning, repair and maintenance services	8,500	5,080	13,580	13,541	39
Rental payments - School buses		400	400	400	
Lease purchase payments - School buses	80,000	20,000	100,000		100,000
Contr. serv. (not between home & sch) - vendor	25,000		25,000	4,751	20,249
Contr. Serv. (Spl. Ed. Students) - ESC	353,000	(23,480)	329,520	320,561	8,959
Misc. purchased services - transportation	7,500		7,500	1,163	6,337
Supplies and materials	5,000		5,000	4,110	890
Total student transportation services	<u>546,000</u>	<u>17,000</u>	<u>563,000</u>	<u>400,535</u>	<u>162,465</u>
Unallocated Benefits - Employee Benefits:					
Social security contributions	325,000		325,000	298,139	26,861
Other retirement contributions - PERS	322,157		322,157	306,713	15,444
Unemployment compensation		1,239	1,239	1,239	
Workmen's compensation	176,472		176,472	176,472	
Health benefits	3,225,523	133,500	3,359,023	3,356,378	2,645
Tuition reimbursement	50,000	3,500	53,500	53,208	292
Other employee benefits	154,000		154,000	141,436	12,564
Unused Sick Payment to Terminated/Retired Staff	98,676	(1,239)	97,437	90,426	7,011
Total unallocated benefits - employee benefits	<u>4,351,828</u>	<u>137,000</u>	<u>4,488,828</u>	<u>4,424,011</u>	<u>64,817</u>
On-behalf TPAF pension contr. (non-budgeted)				2,400,076	(2,400,076)
On-behalf TPAF post ret. medical (non-budgeted)				890,385	(890,385)
On-behalf TPAF LTDI (non-budgeted)				1,931	(1,931)
Reimbursed TPAF social security contr. (non-budgeted)				856,904	(856,904)
Total Undistributed Expenditures	<u>13,136,933</u>	<u>74,609</u>	<u>13,211,542</u>	<u>16,639,723</u>	<u>(3,428,181)</u>
Total General Current Expense	<u>24,263,748</u>	<u>122,709</u>	<u>24,386,457</u>	<u>27,452,745</u>	<u>(3,066,288)</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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12	\$ 3,650	\$ -	\$ 3,650	\$ 2,836	\$ 814
Undist. expend. - instruction					
Total Equipment	<u>3,650</u>		<u>3,650</u>	<u>2,836</u>	<u>814</u>
Facilities Acquisition and Construction Services:					
Lease purchase agreements - principal	91,462		91,462	91,461	1
Assessment on SDA Funding	101,451		101,451	101,451	
Total Facilities Acquisition and Constr. Services	<u>192,913</u>		<u>192,913</u>	<u>192,912</u>	<u>1</u>
Assets acquired under capital leases (non-budgeted):					
Equipment					
Undistributed expenditures - instruction				106,931	(106,931)
Total Assets acquired under capital leases				<u>106,931</u>	<u>(106,931)</u>
Total Capital Outlay	<u>196,563</u>		<u>196,563</u>	<u>302,679</u>	<u>(106,116)</u>
Transfer of Funds to Charter Schools	<u>37,739</u>		<u>37,739</u>	<u>37,739</u>	
TOTAL EXPENDITURES	<u>24,498,050</u>	<u>122,709</u>	<u>24,620,759</u>	<u>27,793,163</u>	<u>(3,172,404)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(124,950)</u>		<u>(124,950)</u>	<u>812,805</u>	<u>937,755</u>
Other Financing Sources:					
Operating transfers out - Food Service	(25,000)		(25,000)	(25,000)	
Proceeds from capital lease				106,931	106,931
Total other financing sources	<u>(25,000)</u>		<u>(25,000)</u>	<u>81,931</u>	<u>106,931</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(149,950)</u>		<u>(149,950)</u>	<u>894,736</u>	<u>1,044,686</u>
Fund Balance - July 1, 2019	<u>689,577</u>		<u>689,577</u>	<u>689,577</u>	
Fund Balance - June 30, 2020	<u>\$ 539,627</u>	<u>\$ -</u>	<u>\$ 539,627</u>	<u>\$ 1,584,313</u>	<u>\$ 1,044,686</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 175,266	
Maintenance reserve				175,125	
Emergency reserve				150,000	
Excess surplus				251,680	
Excess surplus Designated for subsequent year's expenditures				7,599	
Assigned Fund Balance:					
Reserved for Encumbrances				202,400	
Designated for subsequent year's expenditures				142,401	
Unassigned Fund Balance:				<u>479,842</u>	
				1,584,313	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(847,321)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 736,992</u>	

e 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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 501,400	\$ 73,231	\$ 574,631	\$ 574,631	\$ -
Total Revenues	501,400	73,231	574,631	574,631	
EXPENDITURES:					
Instruction:					
Salaries of teachers	492,526	(414,842)	77,684	77,684	
Other salaries for instruction		61,316	61,316	61,316	
Purchased prof. - technical services					
Other purchased services		350,478	350,478	350,478	
General supplies	8,874	1,126	10,000	10,000	
Other objects					
Total Instruction	501,400	(1,922)	499,478	499,478	
Support Services:					
Salaries - other professional staff		20,835	20,835	20,835	
Personal services - employee benefits		31,105	31,105	31,105	
Purchased prof. - technical services		4,780	4,780	4,780	
Purchased prof. - educational services					
Other purchased services		10,000	10,000	10,000	
Supplies and materials		8,433	8,433	8,433	
Total Support Services		75,153	75,153	75,153	
Facilities Acquisition and Construction Services:					
Buildings					
Total Facilities Acq. and Const. Services					
Total Expenditures	501,400	73,231	574,631	574,631	
Total Outflows	501,400	73,231	574,631	574,631	
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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

AUDUBON SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2020

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 28,605,968	\$ 574,631
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	829,655	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(847,321)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 28,588,302	\$ 574,631
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 27,793,163	\$ 574,631
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 27,793,163	\$ 574,631

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 Seven Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0287422060%	0.0286639807%	0.0325394227%	0.0319741746%	0.0324191799%	0.0304165923%	0.0307947299%
District's proportionate share of the net pension liability (asset)	\$ 5,178,909	\$ 5,643,795	\$ 7,574,657	\$ 9,469,833	\$ 7,277,456	\$ 5,694,818	\$ 5,885,485
District's covered-employee payroll	1,929,235	2,045,963	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	268.44%	275.85%	357.91%	470.88%	329.20%	267.13%	282.01%
Plan fiduciary net position as a percentage of the total pension liability	42.04%	40.45%	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 Seven Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 316,213	\$ 280,173	\$ 285,618	\$ 302,571	\$ 284,054	\$ 278,718	\$ 250,750
Contributions in relation to the contractually required contributions	<u>(316,213)</u>	<u>(280,173)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,929,235	\$ 2,045,963	\$ 2,116,345	\$ 2,011,105	\$ 2,210,636	\$ 2,131,870	\$ 2,087,000
Contributions as a percentage of covered-employee payroll	16.39%	13.69%	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 Seven Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.1053822239%	0.1074819793%	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>\$ 64,674,065</u>	<u>\$ 68,377,727</u>	<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>
Total	<u>\$ 64,674,065</u>	<u>\$ 68,377,727</u>	<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>
District's covered-employee payroll	\$ 11,822,250	\$ 11,740,309	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	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
Last Three Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.11%	0.12%	0.12%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 47,922,118	\$ 53,603,023	\$ 63,286,990
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 47,922,118</u>	<u>\$ 53,603,023</u>	<u>\$ 63,286,990</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%
	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability			
Service Cost	\$ 1,745,077	\$ 2,055,210	\$ 2,483,848
Interest	2,114,612	2,314,699	1,997,012
Difference between expected and actual experiences	(8,827,657)	(6,518,873)	
Changes of assumptions and other inputs	714,523	(6,151,215)	(8,069,702)
Member Contributions	43,606	49,538	53,977
Benefit payments	<u>(1,471,066)</u>	<u>(1,433,326)</u>	<u>(1,465,861)</u>
Net Change in total OPEB Liability	\$ (5,680,905)	\$ (9,683,967)	\$ (5,000,726)
Total OPEB Liability - beginning	<u>\$ 53,603,023</u>	<u>\$ 63,286,990</u>	<u>\$ 68,287,716</u>
Total OPEB Liability - ending	<u>\$ 47,922,118</u>	<u>\$ 53,603,023</u>	<u>\$ 63,286,990</u>
District's covered-employee payroll	13,751,485	13,786,272	13,417,254
Total OPEB Liability as a percentage of covered-employee payroll	348.49%	388.81%	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 – Part III
For the Fiscal Year Ended June 30, 2020

Teacher’s Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 5.60% as of June 30, 2019 from 4.86% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

Public Employees’ Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 6.28% as of June 30, 2019 from 5.66% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

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 to 3.50% as of June 30, 2019 from 3.87% as of June 30, 2018.

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, 2020

	Title I	Title II A	Title IV	IDEA Basic	IDEA Preschool	Total
REVENUES:						
Federal sources	\$ 187,225	\$ 4,780	\$ 10,148	\$ 359,964	\$ 12,514	\$ 574,631
Total Revenues	<u>187,225</u>	<u>4,780</u>	<u>10,148</u>	<u>359,964</u>	<u>12,514</u>	<u>574,631</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	77,684					77,684
Other salaries for instruction	61,316					61,316
Other purchased services				339,964	10,514	350,478
General supplies				8,000	2,000	10,000
Total instruction	<u>139,000</u>			<u>347,964</u>	<u>12,514</u>	<u>499,478</u>
Support services:						
Salaries - other professional staff	13,810		7,025			20,835
Personal services-employee benefits	31,105					31,105
Purchased prof tech services		4,780				4,780
Other purchased services				10,000		10,000
Supplies and materials	3,310		3,123	2,000		8,433
Total support services	<u>48,225</u>	<u>4,780</u>	<u>10,148</u>	<u>12,000</u>		<u>75,153</u>
Facilities acquisition and const. serv.:						
Instructional equipment						
Total facilities acq. and const. serv.						
Total Expenditures	<u>187,225</u>	<u>4,780</u>	<u>10,148</u>	<u>359,964</u>	<u>12,514</u>	<u>574,631</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects Fund
Detail Statements

**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, 2020**

Revenues and Other Financing Sources:

SDA Grant	\$ -
Transfer from Capital Reserve	-
Total revenues and other financing sources	-

Expenditures and Other Financing (Uses):

Purchased professional services	
Construction services	
Total expenditures and other financing (uses)	-

Excess (deficiency) or revenues over (under) expenditures

Fund Balance - July 1, 2019	\$ -
-----------------------------	------

Fund Balance - June 30, 2020	\$ -
------------------------------	------

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, 2020

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 312,000	\$ -	\$ 312,000	\$ 312,000
Capital lease proceeds	500,000		500,000	500,000
 Total revenues	812,000		812,000	812,000
 Expenditures and Other Financing Uses:				
Purchased professional services	89,610		89,610	89,610
Construction services	722,390		722,390	722,390
	812,000	-	812,000	812,000
 Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
 Additional project information:				
Project Number	0150-040-13-1002-GO4			
Grant Date	01/06/14			
Lease Authorization Date	07/01/14			
Capital Lease Authorized	\$ 500,000			
Capital Lease Issued	\$ 500,000			
Original Authorized Cost	\$ 780,000			
Additional Authorized Cost	\$ 32,000			
Revised Authorized Cost	\$ 812,000			
 Percentage Increase over Original Authorized Cost	4.10%			
Percentage Completion	100.00%			
Original target completion date	09/30/15			
Revised target completion date	09/30/15			

Proprietary Funds

AUDUBON SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Position
June 30, 2020

	<u>Food Service Fund</u>	<u>Community Education Program</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 14,566	\$ 86,436	\$ 253,243	\$ 354,245
Accounts receivable:				
State	1,253	-	-	1,253
Federal	11,246	-	-	11,246
Other	4,249	-	-	4,249
Inventories	11,763	-	-	11,763
Total Current Assets	<u>43,077</u>	<u>86,436</u>	<u>253,243</u>	<u>382,756</u>
Noncurrent Assets:				
Equipment	202,851	-	-	202,851
Less - accumulated depreciation	<u>(191,219)</u>	<u>-</u>	<u>-</u>	<u>(191,219)</u>
Total Noncurrent Assets	<u>11,632</u>	<u>-</u>	<u>-</u>	<u>11,632</u>
Total Assets	<u>54,709</u>	<u>86,436</u>	<u>253,243</u>	<u>394,388</u>
LIABILITIES:				
Current Liabilities:				
Unearned Revenue	<u>12,384</u>	<u>-</u>	<u>-</u>	<u>12,384</u>
Total Current Liabilities	<u>12,384</u>	<u>-</u>	<u>-</u>	<u>12,384</u>
NET POSITION:				
Net investment in capital assets	11,632	-	-	11,632
Unrestricted	<u>30,693</u>	<u>86,436</u>	<u>253,243</u>	<u>370,372</u>
Total Net Position	<u>\$ 42,325</u>	<u>\$ 86,436</u>	<u>\$ 253,243</u>	<u>\$ 382,004</u>

AUDUBON SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	Community Education Program	After School Program	Totals
OPERATING REVENUES:				
Charges for Services:				
Daily sales reimbursable programs:				
School lunch	\$ 90,558	\$ -	\$ -	\$ 90,558
School breakfast	2,831	-	-	2,831
Daily sales non-reimbursable programs:				
Adult and ala carte sales	137,917	-	-	137,917
Program fees	-	60,955	125,340	186,295
Total Operating Revenues	<u>231,306</u>	<u>60,955</u>	<u>125,340</u>	<u>417,601</u>
OPERATING EXPENSES:				
Salaries	179,440	21,411	116,932	317,783
Employee benefits	23,912	1,624	821	26,357
Management fee	30,600	-	-	30,600
Supplies and materials	11,265	47,697	3,437	62,399
Other costs	13,266	-	-	13,266
Depreciation	1,261	-	-	1,261
Cost of sales - reimbursable programs	99,467	-	-	99,467
Cost of sales - nonreimbursable programs	54,245	-	-	54,245
Total Operating Expenses	<u>413,456</u>	<u>70,732</u>	<u>121,190</u>	<u>605,378</u>
Operating Income (Loss)	<u>(182,150)</u>	<u>(9,777)</u>	<u>4,150</u>	<u>(187,777)</u>
Non-Operating Revenues:				
State sources:				
State school lunch program	4,694	-	-	4,694
Federal sources:				
National school lunch program	125,470	-	-	125,470
National school breakfast program	29,343	-	-	29,343
Food distribution program	23,590	-	-	23,590
Local sources:				
Interest earned	-	404	-	404
Total Non-Operating Revenues	<u>183,097</u>	<u>404</u>	<u>-</u>	<u>183,501</u>
Income (Loss) before Contributions and Transfers	947	(9,373)	4,150	(4,276)
Operating Transfers In	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Changes in Net Position	25,947	(9,373)	4,150	20,724
Net Position - July 1, 2019	<u>16,378</u>	<u>95,809</u>	<u>249,093</u>	<u>361,280</u>
Net Position - June 30, 2020	<u>\$ 42,325</u>	<u>\$ 86,436</u>	<u>\$ 253,243</u>	<u>\$ 382,004</u>

AUDUBON SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	Community Education Program	After School Program	Total
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 237,109	\$ 60,955	\$ 125,340	\$ 423,404
Cash payments to employees for services	(203,352)	(23,035)	(117,753)	(344,140)
Cash payments to suppliers for goods and services	(195,884)	(47,697)	(3,543)	(247,124)
Net cash provided by (used for) operating activities	(162,127)	(9,777)	4,044	(167,860)
Cash Flows from Noncapital Financing Activities:				
Cash received from state sources	4,272	-	-	4,272
Cash received from federal sources	169,738	-	-	169,738
Operating transfer in	25,000	-	-	25,000
Net cash provided by noncapital financing activities	199,010	-	-	199,010
Cash Flows from Capital and Related Financing Activities:				
Purchases of capital assets	-	-	-	-
Net cash provided by (used for) capital and related financing activities	-	-	-	-
Cash Flow Provided by Investing Activities:				
Interest on cash equivalents	-	404	-	404
Net increase (decrease) in cash and cash equivalents	36,883	(9,373)	4,044	31,554
Cash and cash equivalents - July 1, 2019	(22,317)	95,809	249,199	322,691
Cash and cash equivalents - June 30, 2020	\$ 14,566	\$ 86,436	\$ 253,243	\$ 354,245
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)				
Operating Activities:				
Operating income (loss)	\$ (182,150)	\$ (9,777)	\$ 4,150	\$ (187,777)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:				
Depreciation	1,261	-	-	1,261
Commodities	23,590	-	-	23,590
Change in assets and liabilities:				
(Increase) decrease in accounts receivables	(344)	-	-	(344)
(Increase) decrease in inventories	(8,062)	-	-	(8,062)
Increase (decrease) in unearned revenue	6,146	-	-	6,146
Increase (decrease) in accounts payable	(2,568)	-	(106)	(2,674)
Net cash provided by (used for) operating activities	\$ (162,127)	\$ (9,777)	\$ 4,044	\$ (167,860)

Fiduciary Funds

AUDUBON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2020

	Trust Funds			Agency Funds		Totals
	Unemployment Compensation Insurance Trust	Flexible Benefits Trust	Scholarship Trust	Student Activity	Payroll	
ASSETS:						
Cash and cash equivalents	\$ 360,102	\$ 5,442	\$ 199,688	\$ 486,551	\$ 10	\$ 1,051,793
Interfund receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Total Assets	<u>\$ 360,102</u>	<u>\$ 5,442</u>	<u>\$ 199,688</u>	<u>\$ 486,551</u>	<u>\$ 10</u>	<u>\$ 1,051,793</u>
LIABILITIES:						
Accounts payable	\$ 35,596	\$ 804	\$ -	\$ -	\$ -	\$ 36,400
Interfund payable	-	1,750	-	-	-	1,750
Other payable	-	-	-	-	10	10
Due to student groups	-	-	-	486,551	-	486,551
Total Liabilities	<u>35,596</u>	<u>2,554</u>	<u>-</u>	<u>\$ 486,551</u>	<u>\$ 10</u>	<u>524,711</u>
NET POSITION:						
Held in trust for payment of claims	324,506	2,888	-			327,394
Held in trust for scholarships	-	-	199,688			199,688
Total Net Position	<u>\$ 324,506</u>	<u>\$ 2,888</u>	<u>\$ 199,688</u>			<u>\$ 527,082</u>

AUDUBON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Flexible Benefits Trust Fund	Scholarship Trust Fund	Unemployment Compensation Insurance Trust Fund	Totals
ADDITIONS:				
Interest on investments	\$ 63	\$ 2,592	\$ 859	\$ 3,514
Donations	-	12,065	-	12,065
Contributions	35,460	-	3,526	38,986
Total Additions	<u>35,523</u>	<u>14,657</u>	<u>4,385</u>	<u>54,565</u>
DEDUCTIONS:				
Claims paid	35,238	-	86,406	121,644
Scholarships paid	-	13,500	-	13,500
Total Deductions	<u>35,238</u>	<u>13,500</u>	<u>86,406</u>	<u>135,144</u>
Change in Net Position	285	1,157	(82,021)	(80,579)
Net Position -- July 1, 2019	<u>2,603</u>	<u>198,531</u>	<u>406,527</u>	<u>607,661</u>
Net Position -- June 30, 2020	<u>\$ 2,888</u>	<u>\$ 199,688</u>	<u>\$ 324,506</u>	<u>\$ 527,082</u>

AUDUBON SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2020

	<u>Balance</u> July 1, 2019	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Transfers</u>	<u>Balance</u> June 30, 2020
High School	\$ 173,080	\$ 393,472	\$ 385,179	\$ 3,801	\$ 185,174
Haviland Avenue School	6,235	879	256	-	6,858
Mansion Avenue School	7,724	8,451	6,584	198	9,789
Class Accounts	71,296	15,756	13,415	(6,383)	67,254
Field Trips	713	7,654	9,149	(235)	(1,017)
Miscellaneous	80,900	55,998	60,810	(1,712)	74,376
Athletic Reserve	138,825	81,282	88,338	566	132,335
Athletic Account	848	40,051	29,117	-	11,782
Total all schools	<u>\$ 479,621</u>	<u>\$ 603,543</u>	<u>\$ 592,848</u>	<u>\$ (3,765)</u>	<u>\$ 486,551</u>

AUDUBON SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ (556)	\$ 17,953,837	\$ 17,953,271	\$ 10
Accounts Receivable	<u>556</u>	<u> </u>	<u>556</u>	<u>-</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 17,953,837</u></u>	<u><u>\$ 17,953,827</u></u>	<u><u>\$ 10</u></u>
 LIABILITIES:				
Net payroll	\$ -	\$ 9,015,730	\$ 9,015,730	\$ -
Summer savings	-	627,605	627,595	10
Interfund payable	-	1,274	1,274	-
Payroll deductions and withholdings	<u>-</u>	<u>8,309,228</u>	<u>8,309,228</u>	<u>-</u>
Total Liabilities	<u><u>\$ -</u></u>	<u><u>\$ 17,953,837</u></u>	<u><u>\$ 17,953,827</u></u>	<u><u>\$ 10</u></u>

Long-Term Debt Schedules

**AUDUBON SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2020**

<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, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
Refunding bonds of 2012 Issue	1/15/12	\$ 8,870,000	1/15/21	\$ 770,000	3.000%	\$ 4,880,000	\$ -	\$ 730,000	\$ 4,150,000
			1/15/22	785,000	4.000%				
			1/15/23	815,000	4.000%				
			1/15/24	880,000	4.000%				
			1/15/25	900,000	4.000%				
						<u>\$ 4,880,000</u>	<u>\$ -</u>	<u>\$ 730,000</u>	<u>\$ 4,150,000</u>

AUDUBON SCHOOL DISTRICT
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2020

Series	Date of Lease	Maturity Date	Interest Rate	Amount of Original Issue		Amount Outstanding July 1, 2019	Issued	Retired	Amount Outstanding June 30, 2020
				Principal	Interest				
Chromebooks/HVAC	08/01/17	08/01/22	2.29%	\$ 380,000	\$ 22,740	\$ 269,364	\$ -	\$ 85,293	\$ 184,071
Chromebooks	02/15/19	02/15/21	5.44%	100,000	5,341	64,886	-	31,584	33,302
Chromebooks	01/02/20	01/02/22	3.95%	106,931	4,211		106,931	37,047	69,884
						<u>\$ 334,250</u>	<u>\$ 106,931</u>	<u>\$ 153,924</u>	<u>\$ 287,257</u>

AUDUBON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 910,200	\$ -	\$ 910,200	\$ 910,200	\$ -
Total Revenues	<u>910,200</u>		<u>910,200</u>	<u>910,200</u>	
EXPENDITURES:					
Regular debt service:					
Interest	180,200		180,200	180,200	
Redemption of principal	<u>730,000</u>		<u>730,000</u>	<u>730,000</u>	
Total regular debt service	<u>910,200</u>		<u>910,200</u>	<u>910,200</u>	
Excess (Deficiency) of revenues over (under) expenditures					
Other Financing Sources:					
Operating transfers in					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance - July 1, 2019					
Fund Balance - June 30, 2020	<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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 10,778,212	\$ 10,563,764	\$ 11,049,885	\$ 11,602,230	\$ 12,095,981	\$ 12,196,150	\$ 12,417,712	\$ 12,542,115	\$ 12,898,505	\$ 13,007,217
Restricted for:										
Capital projects	45,790	45,790	145,790	145,905	146,090	146,291	146,657	85,140	25,140	175,266
Debt service										
Other purposes	483,461	837,735	626,114	696,463	481,177	331,499	145,925	132,322	182,599	929,204
Unrestricted	(1,338,067)	(1,274,859)	(1,394,258)	(1,312,237)	(7,002,443)	(7,119,250)	(8,064,793)	(8,490,128)	(8,326,353)	(8,474,289)
Total governmental activities net position	<u>\$ 9,969,396</u>	<u>\$ 10,172,430</u>	<u>\$ 10,427,531</u>	<u>\$ 11,132,361</u>	<u>\$ 5,720,805</u>	<u>\$ 5,554,690</u>	<u>\$ 4,645,501</u>	<u>\$ 4,269,449</u>	<u>\$ 4,779,891</u>	<u>\$ 5,637,398</u>
Business-type activities:										
Net investment in capital assets	\$ 23,521	\$ 23,814	\$ 23,888	\$ 18,548	\$ 14,558	\$ 11,738	\$ 9,098	\$ 6,788	\$ 12,893	\$ 11,632
Unrestricted	176,786	152,321	165,767	187,347	164,077	182,882	241,992	303,465	348,387	370,372
Total business-type activities net position	<u>\$ 200,307</u>	<u>\$ 176,135</u>	<u>\$ 189,655</u>	<u>\$ 205,895</u>	<u>\$ 178,635</u>	<u>\$ 194,620</u>	<u>\$ 251,090</u>	<u>\$ 310,253</u>	<u>\$ 361,280</u>	<u>\$ 382,004</u>
District-wide:										
Net investment in capital assets	\$ 10,801,733	\$ 10,587,578	\$ 11,073,773	\$ 11,620,778	\$ 12,110,539	\$ 12,207,888	\$ 12,426,810	\$ 12,548,903	\$ 12,911,398	\$ 13,018,849
Restricted:										
Capital projects	45,790	45,790	145,790	145,905	146,090	146,291	146,657	85,140	25,140	175,266
Debt service	-	-	-	-	-	-	-	-	-	-
Other purposes	483,461	837,735	626,114	696,463	481,177	331,499	145,925	132,322	182,599	929,204
Unrestricted	(1,161,281)	(1,122,538)	(1,228,491)	(1,124,890)	(6,838,366)	(6,936,368)	(7,822,801)	(8,186,663)	(7,977,966)	(8,103,917)
Total district net position	<u>\$ 10,169,703</u>	<u>\$ 10,348,565</u>	<u>\$ 10,617,186</u>	<u>\$ 11,338,256</u>	<u>\$ 5,899,440</u>	<u>\$ 5,749,310</u>	<u>\$ 4,896,591</u>	<u>\$ 4,579,702</u>	<u>\$ 5,141,171</u>	<u>\$ 6,019,402</u>

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

J-2

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 6,896,055	\$ 6,699,651	\$ 6,732,336	\$ 7,186,016	\$ 7,227,391	\$ 7,583,364	\$ 7,452,116	\$ 7,567,373	\$ 7,762,123	\$ 7,530,387
Special education	1,638,030	2,103,198	2,135,574	2,140,613	2,207,045	2,253,829	2,469,216	2,425,795	2,453,374	2,511,702
Other instruction	1,061,682	1,124,921	1,104,222	1,120,653	1,180,005	1,133,322	1,222,567	1,325,674	1,106,870	1,222,750
Support Services:										
Tuition	789,288	981,328	913,270	918,019	881,553	892,113	982,256	943,195	1,105,154	1,096,222
Student & instruction related services	2,208,581	2,194,156	2,270,838	2,404,025	2,590,979	2,635,317	2,758,572	2,890,303	3,017,368	3,123,343
General administrative services	404,882	468,260	400,541	346,080	440,310	402,459	472,822	437,176	458,789	479,440
School administrative services	935,505	982,722	1,015,206	1,000,431	985,567	1,020,320	881,659	833,710	928,661	857,246
Central administrative services	431,545	492,729	525,491	541,492	584,814	560,121	525,996	515,821	490,205	414,088
Plant operations and maintenance	1,849,599	1,725,813	1,753,205	1,928,504	1,861,450	2,109,641	1,972,186	2,039,379	2,025,500	1,921,134
Pupil transportation	334,505	341,603	350,664	366,696	410,566	525,864	557,287	511,212	491,847	401,254
Business and other support services										
Unallocated employee benefits	4,794,167	5,234,737	5,909,433	5,697,808	6,303,817	6,642,863	8,150,827	17,623,729	14,702,736	13,470,539
Transfer of funds to charter school			22,128	-					35,567	37,739
Interest on long-term debt	466,463	701,040	70,205	274,846	256,000	241,000	218,679	203,717	188,596	170,162
Unallocated depreciation	616,756	626,219	874,409	624,744	661,596	662,534	666,103	680,632	662,578	633,072
Total governmental activities expenses	<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>	<u>35,429,368</u>	<u>33,869,078</u>
Business-type activities:										
Food service	432,216	427,496	437,162	448,963	460,429	501,262	476,277	448,327	474,657	413,456
Community education	76,943	72,997	100,834	101,462	114,221	78,619	84,452	84,877	70,393	70,732
After school program	110,980	108,892	104,917	105,705	116,343	126,586	116,114	102,994	137,323	121,190
Total business-type activities expense	<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>	<u>682,373</u>	<u>605,378</u>
Total district expenses	<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>	<u>\$ 36,111,741</u>	<u>\$ 34,474,456</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 2,702,485	\$ 2,861,756	\$ 2,749,838	\$ 2,679,181	\$ 2,544,829	\$ 2,845,523	\$ 2,869,004	\$ 2,875,966	\$ 2,759,800	\$ 2,576,099
Operating grants and contributions	2,163,176	2,362,867	2,919,690	2,661,888	3,229,974	3,289,702	3,626,555	13,298,972	10,837,967	9,402,379
Capital grants and contributions										
Total governmental activities program revenues	<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>	<u>13,597,767</u>	<u>11,978,478</u>

(Continued)

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

J-2

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services:										
Food service	\$ 274,866	\$ 241,804	\$ 245,537	\$ 246,017	\$ 243,854	\$ 252,643	\$ 272,077	\$ 246,649	\$ 293,441	\$ 231,306
Community education	85,087	83,655	105,679	108,971	99,142	78,630	70,413	70,509	66,025	60,955
After school program	118,793	101,830	106,566	105,481	120,490	152,488	188,817	178,220	184,519	125,340
Capital grants and contributions			5,360	-						
Operating grants and contributions	117,742	145,719	162,848	173,809	180,209	185,654	179,310	174,731	163,993	183,097
Total business-type activities program revenues	<u>596,488</u>	<u>573,008</u>	<u>625,990</u>	<u>634,278</u>	<u>643,695</u>	<u>669,415</u>	<u>710,617</u>	<u>670,109</u>	<u>707,978</u>	<u>600,698</u>
Total district program revenues	<u>\$ 5,462,149</u>	<u>\$ 5,797,631</u>	<u>\$ 6,295,518</u>	<u>\$ 5,975,347</u>	<u>\$ 6,418,498</u>	<u>\$ 6,804,640</u>	<u>\$ 7,206,176</u>	<u>\$ 16,845,047</u>	<u>\$ 14,305,745</u>	<u>\$ 12,579,176</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (17,561,397)	\$(18,451,754)	\$ (18,407,994)	\$ (19,208,858)	\$ (19,816,290)	\$ (20,527,522)	\$ (21,834,727)	\$ (21,822,778)	\$ (21,831,601)	\$ (21,890,600)
Business-type activities	(23,651)	(36,377)	(16,923)	(21,852)	(47,298)	(37,052)	33,774	33,911	25,605	(4,680)
Total district-wide net expense	<u>\$ (17,585,048)</u>	<u>\$(18,488,131)</u>	<u>\$ (18,424,917)</u>	<u>\$ (19,230,710)</u>	<u>\$ (19,863,588)</u>	<u>\$ (20,564,574)</u>	<u>\$ (21,800,953)</u>	<u>\$ (21,788,867)</u>	<u>\$ (21,805,996)</u>	<u>\$ (21,895,280)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,813,891	\$ 10,010,169	\$ 10,110,372	\$ 10,312,579	\$ 10,518,831	\$ 10,729,208	\$ 11,153,792	\$ 11,599,944	\$ 12,125,034	\$ 12,367,535
Taxes levied for debt service	960,700	1,043,016	938,312	1,163,570	987,503	1,011,000	980,600	950,500	970,700	910,200
Unrestricted grants and contributions	6,763,062	7,290,221	7,455,220	8,196,226	8,302,588	8,391,845	8,502,226	8,582,551	9,009,569	9,288,897
Investment earnings	194	-								
Miscellaneous income	199,633	322,736	263,243	279,313	269,265	282,314	311,420	338,731	261,740	206,475
Transfers	(33,098)	(11,354)	(30,000)	(38,000)	(20,000)	(52,960)	(22,500)	(25,000)	(25,000)	(25,000)
Total governmental activities	<u>17,704,382</u>	<u>18,654,788</u>	<u>18,737,147</u>	<u>19,913,688</u>	<u>20,058,187</u>	<u>20,361,407</u>	<u>20,925,538</u>	<u>21,446,726</u>	<u>22,342,043</u>	<u>22,748,107</u>
Business-type activities:										
Investment earnings	1,414	851	443	92	38	77	196	252	422	404
Prior year payables cancelled										
Transfers	33,098	11,354	30,000	38,000	20,000	52,960	22,500	25,000	25,000	25,000
Total business-type activities	<u>34,512</u>	<u>12,205</u>	<u>30,443</u>	<u>38,092</u>	<u>20,038</u>	<u>53,037</u>	<u>22,696</u>	<u>25,252</u>	<u>25,422</u>	<u>25,404</u>
Total district-wide	<u>\$ 17,738,894</u>	<u>\$ 18,666,993</u>	<u>\$ 18,767,590</u>	<u>\$ 19,951,780</u>	<u>\$ 20,078,225</u>	<u>\$ 20,414,444</u>	<u>\$ 20,948,234</u>	<u>\$ 21,471,978</u>	<u>\$ 22,367,465</u>	<u>\$ 22,773,511</u>
Change in Net Position:										
Governmental activities	\$ 142,985	\$ 203,034	\$ 329,153	\$ 704,830	\$ 241,897	\$ (166,115)	\$ (909,189)	\$ (376,052)	\$ 510,442	\$ 857,507
Business-type activities	10,861	(24,172)	13,520	16,240	(27,260)	15,985	56,470	59,163	51,027	20,724
Total district-wide	<u>\$ 153,846</u>	<u>\$ 178,862</u>	<u>\$ 342,673</u>	<u>\$ 721,070</u>	<u>\$ 214,637</u>	<u>\$ (150,130)</u>	<u>\$ (852,719)</u>	<u>\$ (316,889)</u>	<u>\$ 561,469</u>	<u>\$ 878,231</u>

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

J-3

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted for:										
Capital reserve	\$ 15,113	\$ 15,113	\$ 115,113	\$ 115,228	\$ 115,413	\$ 115,614	\$ 115,980	\$ 85,140	\$ 25,140	\$ 175,266
Maintenance reserve									25,000	175,125
Emergency reserve										150,000
Future tuition payments	233,461	72,317	-	-	85,637	45,925				251,680
Excess surplus		302,713	112,272	192,856	85,637	45,925			7,599	251,680
Excess surplus - designated for subsequent year			302,713	112,272	192,856	85,637	45,925	-	-	7,599
Assigned to:										
Year-end Encumbrances										202,399
Designated for subsequent year's budget	250,000	462,705	192,632	372,838	202,684	199,937	100,000	132,322	150,000	142,401
Unassigned	(179,525)	(217,511)	(217,959)	(267,154)	(341,078)	(328,925)	(365,392)	(396,784)	(347,817)	(367,478)
Total general fund	<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>	<u>\$ (140,078)</u>	<u>\$ 736,992</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	\$ -	\$ -	\$ -
Debt service fund			18,497	18,497						
Total all other governmental funds	<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>	<u>\$ -</u>	<u>\$ -</u>

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

J-4

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 10,774,591	\$ 11,053,185	\$ 11,048,684	\$ 11,476,149	\$ 11,506,334	\$ 11,740,208	\$ 12,134,392	\$ 12,550,444	\$ 13,095,734	\$ 13,277,735
Tuition charges	2,702,485	2,861,756	2,749,838	2,679,181	2,544,829	2,845,523	2,869,004	2,875,966	2,759,800	2,576,099
Miscellaneous	199,827	322,736	263,243	279,313	269,265	282,314	311,420	338,731	261,740	206,475
State sources	8,352,205	8,897,683	9,811,571	10,206,082	10,844,166	11,009,236	11,484,857	12,014,365	12,901,754	13,390,284
Federal sources	574,033	755,405	563,339	652,032	688,396	672,311	643,924	634,446	630,035	622,540
Total revenue	<u>22,603,141</u>	<u>23,890,765</u>	<u>24,436,675</u>	<u>25,292,757</u>	<u>25,852,990</u>	<u>26,549,592</u>	<u>27,443,597</u>	<u>28,413,952</u>	<u>29,649,063</u>	<u>30,073,133</u>
Expenditures										
Instruction										
Regular Instruction	6,982,983	6,629,431	6,732,283	7,279,627	7,245,205	7,651,790	7,466,250	7,461,221	7,793,194	7,578,048
Special education instruction	1,638,030	2,103,198	2,135,574	2,140,613	2,207,045	2,253,829	2,469,216	2,425,795	2,453,374	2,511,702
Other instruction	1,061,682	1,124,921	1,104,222	1,120,653	1,180,005	1,133,322	1,222,567	1,325,674	1,106,870	1,222,750
Support Services:										
Tuition	789,288	981,328	913,270	918,019	881,553	892,113	982,256	943,195	1,105,154	1,096,222
Student & instruction related services	2,208,581	2,194,156	2,270,838	2,404,025	2,590,979	2,635,317	2,758,572	2,890,303	3,017,368	3,123,343
General administration	404,132	467,745	400,261	345,800	440,030	402,179	451,409	415,763	458,363	450,991
School administrative services	935,505	982,722	1,015,206	1,000,431	985,567	1,020,320	881,659	833,710	928,661	857,246
Central services	431,545	492,729	525,491	541,492	584,814	560,121	525,996	515,821	490,205	414,088
Plant operations and maintenance	1,793,283	1,706,521	1,665,454	1,746,430	1,737,874	1,771,100	1,760,372	1,793,141	1,803,545	1,768,039
Pupil transportation	325,132	332,230	340,979	350,902	394,772	510,070	557,007	510,932	485,426	400,535
Other support services										
Employee benefits	4,794,167	5,234,737	5,909,433	5,697,808	6,291,850	6,421,304	7,206,401	8,083,320	8,451,705	8,604,412
Transfer of funds to charter school			22,128	-					35,567	37,739
Capital outlay	250,691	453,291	456,426	418,608	1,076,321	548,078	460,467	726,089	584,687	302,679
Debt service:										
Principal	600,000	705,000	770,000	970,000	750,000	770,000	755,000	740,000	775,000	730,000
Interest and other charges	475,379	450,291	257,179	289,080	256,000	241,000	225,600	210,500	195,700	180,200
Total expenditures	<u>22,690,398</u>	<u>23,858,300</u>	<u>24,518,744</u>	<u>25,223,488</u>	<u>26,622,015</u>	<u>26,810,543</u>	<u>27,722,772</u>	<u>28,875,464</u>	<u>29,684,819</u>	<u>29,277,994</u>
Excess (Deficiency) of revenues over (under) expenditures	(87,257)	32,465	(82,069)	69,269	(769,025)	(260,951)	(279,175)	(461,512)	(35,756)	795,139
Other Financing sources (uses)										
Prior year accounts payable canceled										
Capital lease (nonbudgeted)		295,177	-	-	500,000	176,587	80,000	380,000	100,000	106,931
Transfers in								32,713	-	-
Transfers out	(33,098)	(11,354)	(30,000)	(38,000)	(20,000)	(52,960)	(22,500)	(57,713)	(25,000)	(25,000)
Total other financing sources (uses)	<u>(33,098)</u>	<u>283,823</u>	<u>(30,000)</u>	<u>(38,000)</u>	<u>480,000</u>	<u>123,627</u>	<u>57,500</u>	<u>355,000</u>	<u>75,000</u>	<u>81,931</u>
Net change in fund balances	<u>\$ (120,355)</u>	<u>\$ 316,288</u>	<u>\$ (112,069)</u>	<u>\$ 31,269</u>	<u>\$ (289,025)</u>	<u>\$ (137,324)</u>	<u>\$ (221,675)</u>	<u>\$ (106,512)</u>	<u>\$ 39,244</u>	<u>\$ 877,070</u>
Debt service as a percentage of noncapital expenditures	4.79%	4.94%	4.27%	5.08%	3.94%	3.85%	3.60%	3.38%	3.34%	3.14%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

J-5

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Rentals</u>	<u>Accounts Reimbursement</u>	<u>Miscellaneous</u>	<u>Total</u>
2011	\$ 10,284	\$ 2,702,485	\$ 43,563	\$ 95,063	\$ 37,175	\$ 13,742	\$ 2,902,312
2012	8,427	2,861,756	112,657	161,811	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
2019	7,015	2,759,800	69,474	105,591	38,000	41,660	3,021,540
2020	10,298	2,576,099	30,417	74,296	65,612	25,852	2,782,574
	<u>\$ 74,513</u>	<u>\$ 29,950,494</u>	<u>\$ 535,729</u>	<u>\$ 1,527,251</u>	<u>\$ 369,794</u>	<u>\$ 444,775</u>	<u>\$ 32,902,556</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 a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
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
2019	1,573,000	605,465,000	90,593,504	350,000	13,973,400	711,954,904	1,372,350	713,327,254	58,700,600	1.811	734,283,528
2020	1,508,400	605,623,100	90,299,504	350,000	13,973,400	711,754,404	1,375,008	713,129,412	59,027,600	1.848	737,858,627

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	
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
2019	1.683	0.128	1.811	0.873	0.034	0.840	3.558
2020	1.718	0.130	1.848	0.898	0.034	0.826	3.606

Source: Municipal Tax Collector

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

J-8

Taxpayer	2020		Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Wolfson Group, LLC	\$ 32,121,100	4.50%	Audubon Ventures, LLC	\$ 41,121,101	5.57%
Supervalu	9,000,000	1.26%	PSE&G	3,500,000	0.47%
Public Service Electric & Gas	3,000,000	0.42%	Imperial Reality Association	1,900,000	0.26%
Imperial Reality Associates, LLC	1,900,000	0.27%	Oak Terrace Apartments, LLC	1,800,000	0.24%
Audubon Equities, LLC	1,780,000	0.25%	Audubon Equities, LLC	1,750,000	0.24%
Oak Terrace Apartments, LLC	1,700,000	0.24%	Bell Atlantic	1,656,930	0.22%
Lee Associates, LLC	1,378,200	0.19%	WAWA, LLC	1,200,000	0.16%
Bell Atlantic NJ	1,393,036	0.20%	Audubon Pharmacy Co.	1,407,000	0.19%
Audubon Savings Bank	1,264,100	0.18%	Elzey, E, Guy Jr.	1,378,200	0.19%
622 Castle Arms, LLC	1,200,000	0.17%	Audubon Savings Bank	1,264,100	0.17%
Total	<u>\$ 54,736,436</u>	<u>7.68%</u>		<u>\$ 56,977,331</u>	<u>7.71%</u>

Source: Municipal Tax Assessor

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

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2019	13,095,734	13,095,734	100.00%	-
2020	13,277,735	13,277,735	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)

J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds ^a	Unfunded Pension Liability	Capital Leases	Capital Leases	Total District		
2011	\$ 10,705,000	\$ -	\$ -	\$ -	\$10,705,000	2.78%	\$ 1,217
2012	10,410,000	-	295,177	-	10,705,177	2.74%	1,221
2013	9,640,000	-	242,869	-	9,882,869	2.51%	1,134
2014	8,670,000	-	184,338	-	8,854,338	2.17%	1,020
2015	7,920,000	-	624,373	-	8,544,373	2.01%	985
2016	7,150,000	-	572,205	-	7,722,205	1.77%	890
2017	6,395,000	-	394,902	-	6,789,902	1.51%	784
2018	5,655,000	-	551,884	-	6,206,884	1.33%	718
2019	4,880,000	-	334,250	-	5,214,250	d	604
2020	4,150,000	-	287,257	-	4,437,257	d	d

Sources:

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

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

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2011	\$ 10,705,000	\$ -	\$ 10,705,000	1.45%	\$ 1,217
2012	10,410,000	-	10,410,000	1.41%	1,188
2013	9,640,000	-	9,640,000	1.31%	1,106
2014	8,670,000	-	8,670,000	1.19%	998
2015	7,920,000	-	7,920,000	1.09%	913
2016	7,150,000	-	7,150,000	0.99%	824
2017	6,395,000	-	6,395,000	0.89%	739
2018	5,655,000	-	5,655,000	0.79%	654
2019	4,880,000	-	4,880,000	0.68%	565
2020	4,150,000	-	4,150,000	0.58%	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, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Audubon	\$ 5,902,884 (1)	100.000%	\$ 5,902,884
Camden County General Obligation Debt	357,727,729 (1)	1.887% (2)	6,750,322
			12,653,206
Subtotal, overlapping debt			12,653,206
Audubon School District Direct Debt			4,880,000
Total direct and overlapping debt			\$ 17,533,206

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2019 Equalized Valuation. The source for this computation was the 2019 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 2019

	Equalized valuation basis (1)
2017	\$ 718,476,371
2018	730,568,318
2019	732,388,544
	<u>\$ 2,181,433,233</u>
Average equalized valuation of taxable property	<u>\$ 727,144,411</u>
Debt limit (4% of average equalized valuation) (2)	29,085,776
Net bonded school debt (3)	4,150,000
Legal debt margin	<u>\$ 24,935,776</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 30,285,422	\$ 30,088,948	\$ 29,912,234	\$ 29,403,427	\$ 28,427,506	\$ 27,845,493	\$ 27,818,448	\$ 28,381,647	\$ 28,748,875	\$ 29,085,776
Total net debt applicable to limit (3)	<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>	<u>4,880,000</u>	<u>4,150,000</u>
Legal debt margin	<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>	<u>\$ 23,868,875</u>	<u>\$ 24,935,776</u>
Total net debt applicable to the limit as a percentage of debt limit	35.35%	34.60%	32.23%	29.49%	27.86%	25.68%	22.99%	19.92%	16.97%	14.27%

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2011	8,795	\$ 385,177,025	\$ 43,795	3.7%
2012	8,766	390,893,472	44,592	3.7%
2013	8,717	394,322,212	45,236	7.8%
2014	8,684	407,323,020	46,905	7.5%
2015	8,675	424,129,425	48,891	6.3%
2016	8,675	435,172,700	50,164	4.2%
2017	8,657	448,882,764	51,852	3.7%
2018	8,649	467,936,847	54,103	3.1%
2019	8,637	e	e	2.8%
2020	e	e	e	e

Source:

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

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

J-16

<u>Function/Program</u>	<u>Fiscal Year Ending June 30,</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>2019</u>	<u>2020</u>
Instruction										
Regular	118	118	124	124	124	108	108	108	100	103
Special education	17	18	19	19	19	30	30	30	30	26
Other special education	1	1	1	1	1	20	20	20	11	14
Other instruction	13	13	15	15	15	17	17	17	13	9
Support Services:										
Student & instruction related services	16	16	16	16	16	29	29	29	27	25
School administrative services	10	10	10	10	10	13	13	13	15	17
General and business administrative services	9	9	9	9	9	7	7	7	7	7
Plant operations and maintenance	25	25	25	25	25	25	25	25	26	23
Pupil transportation	3	3	3	3	3	1	1	1	1	1
Business and other support services	5	5	5	5	5	4	4	4	5	5
Total	<u>217</u>	<u>218</u>	<u>227</u>	<u>227</u>	<u>227</u>	<u>254</u>	<u>254</u>	<u>254</u>	<u>235</u>	<u>230</u>

Source:
District Personnel Records

**Audubon School District
Operating Statistics,
Last Ten Fiscal Years**

J-17

Fiscal Year	Resident Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Masion Avenue School	Haviind Avenue School	Senior High School				
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%
2019	1,249	28,129,432	22,522	27.43%	154	1:22	1:20	1:20	1,498.2	1,420.8	-1.99%	94.83%
2020	1,234	28,065,115	22,743	0.98%	152	1:22	1:20	1:20	1,471.2	1,419.0	-1.80%	96.45%

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Building										
<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	276	255	249	284	305	332	330	316	275
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	369	323	292	358	371	355	377	383	391
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	781	832	869	823	869	848	822	799	805
Number of Schools at June 30, 2020										
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

	Fiscal Year Ending June 30,										Total
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
* School Facilities											
High School	\$ 177,941	\$ 184,140	\$ 203,422	\$ 189,110	\$ 202,847	\$ 215,592	\$ 175,100	\$ 186,629	\$ 174,675	\$ 196,711	\$ 1,906,167
Haviland School	47,045	48,912	43,268	40,307	45,231	48,090	39,052	41,624	38,958	43,872	436,359
Mansion School	51,750	54,668	50,276	46,656	52,536	55,855	45,333	48,316	45,221	50,927	501,538
Total School Facilities	<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>\$ 258,854</u>	<u>\$ 291,510</u>	<u>\$ 2,844,064</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, 2020**

J-20

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy (1)		
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		
Money and Securities	50,000	
Employee Dishonesty	100,000/500,000	1,000
Computer Fraud	50,000	
Forgery and Alteration	50,000	
Boiler and machinery	100,000,000	
Environmental Impairment Liability	1,000,000	
Excess Liability	5,000,000	
Professional Liability	5,000,000	5,000
Workers Compensation (2)		
Bodily Injury by Accident	Statutory	
Bodily Injury by Disease	Statutory	
Volunteer Accident Insurance (3)	250,000	
Surety Bonds (4)		
Board Secretary	250,000	

- (1) School Alliance Insurance Fund
- (2) Burlington County Joint Insurance Fund
- (3) QBE Insurance Corporation
- (4) Western Surety

Source: District records

Single Audit 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@inversocpa.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, 2020, 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 December 18, 2020.

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) as a basis for designing 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 from 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 financial statements. 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 no instances 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.

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
December 18, 2020

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@inversocpa.com

-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, 2020. 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, 2020.

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
December 18, 2020

AUDUBON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2019			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2020		
						(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I:															
Fiscal Year 2020	84.010A	S010A190030	ESSA015020	\$ 187,225	7/1/19 - 9/30/20	\$ -	\$ -	\$ -	\$ -	\$ 134,035	\$ (187,225)	\$ -	\$ (53,190)	\$ -	\$ -
Title II A:															
Fiscal Year 2020	84.367A	S367A190029	ESSA015020	4,780	7/1/19 - 9/30/20						(4,780)		(4,780)		
Title IV:															
Fiscal Year 2020	84.424A	S424A190031	ESSA015020	10,148	7/1/19 - 9/30/20				2,655	(10,148)			(7,493)		
I.D.E.A. Part B - Basic:															
Fiscal Year 2020	84.027	H027A190100	IDEA015020	359,964	7/1/19 - 9/30/20				338,834	(359,964)			(21,130)		
I.D.E.A. Part B - Preschool:															
Fiscal Year 2020	84.173	H173A190114	IDEA015020	12,514	7/1/19 - 9/30/20				10,514	(12,514)			(2,000)		
Total U.S. Department of Education										486,038	(574,631)		(88,593)		
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund															
Food Distribution Program															
Fiscal Year 2020	10.565	201NJ304N1099	N/A	23,590	7/1/19 - 6/30/20				23,590	(23,590)					
National School Breakfast Program															
Fiscal Year 2020	10.553	201NJ304N1099	N/A	29,343	7/1/19 - 6/30/20				24,987	(29,343)			(4,356)		
Fiscal Year 2019	10.553	191NJ304N1099	N/A	7,927	7/1/18 - 6/30/19	(1,669)			1,669						
National School Lunch Program															
Fiscal Year 2020	10.555	201NJ304N1099	N/A	125,470	7/1/19 - 6/30/20				118,580	(125,470)			(6,890)		
Fiscal Year 2019	10.555	191NJ304N1099	N/A	129,908	7/1/18 - 6/30/19	(24,503)			24,503				-		
Total U.S. Department of Agriculture						(26,172)				193,329	(178,403)		(11,246)		
U.S. Department of Health and Human Services															
Passed-through State Department of Human Services:															
General Fund:															
Medicaid Assistance Program															
Fiscal Year 2020	93.778	2005NJ5MAP	N/A	47,909	7/1/19 - 6/30/20				47,909	(47,909)			-		
Total Federal Awards						\$ (26,172)	\$ -	\$ -	\$ -	\$ 727,276	\$ (800,943)	\$ -	\$ (99,839)	\$ -	\$ -

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, 2020

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2019			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Canceled	Balance June 30, 2020		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor
State Department of Education													
General Fund:													
Equalization Aid	20-495-034-5120-078	\$ 6,131,330	7/1/19 - 6/30/20	\$ -	\$ -	\$ -	\$ 5,549,354	\$ (6,131,330)	\$ -	\$ -	\$ (581,976)	\$ -	\$ -
Equalization Aid	19-495-034-5120-078	5,957,483	7/1/18 - 6/30/19	(561,367)			561,367						
Special Education Categorical Aid	20-495-034-5120-089	1,046,915	7/1/19 - 6/30/20				947,544	(1,046,915)			(99,371)		
Special Education Categorical Aid	19-495-034-5120-089	1,046,915	7/1/18 - 6/30/19	(98,650)			98,650						
Security Aid	20-495-034-5120-084	200,391	7/1/19 - 6/30/20				181,370	(200,391)			(19,021)		
Security Aid	19-495-034-5120-084	200,391	7/1/18 - 6/30/19	(18,883)			18,883						
Transportation Aid	20-495-034-5120-014	73,419	7/1/19 - 6/30/20				66,450	(73,419)			(6,969)		
Transportation Aid	19-495-034-5120-014	73,419	7/1/18 - 6/30/19	(6,918)			6,918						
School Choice Aid	20-495-034-5120-068	1,024,191	7/1/19 - 6/30/20				926,977	(1,024,191)			(97,214)		
School Choice Aid	19-495-034-5120-068	1,050,420	7/1/18 - 6/30/19	(98,980)			98,980						
Emergency Aid	20-495-034-5120-106	122,709	7/1/19 - 6/30/20				122,709	(122,709)					
Adjustment Aid	20-495-034-5120-085	450,596	7/1/19 - 6/30/20				407,826	(450,596)			(42,770)		
Adjustment Aid	19-495-034-5120-085	476,049	7/1/18 - 6/30/19	(44,857)			44,857						
Extraordinary Special Education Cost Aid	20-495-034-5120-044	198,227	7/1/19 - 6/30/20					(209,103)			(209,103)		
Extraordinary Special Education Cost Aid	19-495-034-5120-044	198,227	7/1/18 - 6/30/19	(198,227)			198,227						
On behalf TPAF Pension Contribution	20-495-034-5094-002	2,400,076	7/1/19 - 6/30/20				2,400,076	(2,400,076)					
On behalf TPAF Post Retirement Medical	20-495-034-5094-001	890,385	7/1/19 - 6/30/20				890,385	(890,385)					
On behalf TPAF LTDI	20-495-034-5094-004	1,931	7/1/19 - 6/30/20				1,931	(1,931)					
Reimbursed TPAF Social Security Contr.	20-495-034-5094-003	856,904	7/1/19 - 6/30/20				772,474	(856,904)			(84,430)		
Reimbursed TPAF Social Security Contr.	19-495-034-5094-003	854,295	7/1/18 - 6/30/19	(42,266)			42,266						
Total Department of Education				(1,070,148)			13,337,244	(13,407,950)			(1,140,854)		
New Jersey Schools Construction Corporation:													
Capital Projects Fund:													
EDA Educational Facilities Construction and Financing Act - Section 15: Roof and Roof-Top HVAC - Level I	#0150-040-13-1002	312,000	8/1/14- 12/31/14	(187,200)							(187,200)		
Total Educational Facilities Construction				(187,200)							(187,200)		
State Department of Agriculture													
National School Lunch Program (State Share)													
Fiscal Year 2020	20-100-010-3350-023	4,694	7/1/19 - 6/30/20				3,441	(4,694)			(1,253)		
Fiscal Year 2019	19-100-010-3350-023	4,350	7/1/18 - 6/30/19	(831)			831						
Total Department of Agriculture				(831)			4,272	(4,694)			(1,253)		
Total State Financial Assistance				\$ (1,258,179)	\$ -	\$ -	\$ 13,341,516	(13,412,644)	\$ -	\$ -	\$ (1,329,307)	\$ -	\$ -
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08													
On-Behalf TPAF Contribution - Pension (Non-Budgeted)								(2,400,076)					
On-Behalf TPAF Contribution - Post Retirement Medical (Non-Budgeted)								(890,385)					
On-Behalf TPAF Contribution - LTDI (Non-Budgeted)								(1,931)					
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08								\$ (10,120,252)					

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, 2020**

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, 2020
(Continued)**

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$17,666) 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	\$ 47,909	\$ 13,390,284	\$ 13,438,193
Special Revenue	574,631		574,631
Capital Projects			-
Food Service	<u>178,403</u>	<u>4,694</u>	<u>183,097</u>
Total	<u>\$ 800,943</u>	<u>\$ 13,394,978</u>	<u>\$ 14,195,921</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, 2020. 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, 2020.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: _____ Unmodified _____

Internal control over financial reporting:

 1) Material weaknesses identified? _____ yes X no

 2) Significant deficiencies identified? _____ yes X none reported

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

Federal Awards

Internal Control over major programs:

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

 2) Significant deficiencies identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____ 84.027 _____	_____ H027A190100 _____	_____ I.D.E.A. Part B - Basic _____
_____ 84.173 _____	_____ H173A190114 _____	_____ I.D.E.A. Part B - Preschool _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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

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

**AUDUBON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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>20-495-034-5120-068</u>	State Aid Public Cluster: <u>School Choice Aid</u>
<u>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>
<u>20-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>20-495-034-5094-003</u>	<u>TPAF Reimbursed Social Security</u>

**AUDUBON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

No findings identified.

**AUDUBON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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

There were no prior year audit findings.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

Finding #2019-001

Condition:

The counts for On Roll Students, Resident LEP Not Low Income Students, Resident Low Income Students, and Resident LEP Low Income Students did not agree to supporting documents.

Current Status:

This condition has been corrected.