

PAULSBORO SCHOOL DISTRICT

**Paulsboro, New Jersey
County of Gloucester**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

PAULSBORO SCHOOL DISTRICT

PAULSBORO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Paulsboro School District
Business Office**

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INTRODUCTORY SECTION

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Paulsboro Public Schools

Administration Building, 662 North Delaware Street, Paulsboro, NJ 08066

Telephone: (856) 423-5515 - Ext. 1218 • Fax: (856) 423-4602

Dr. Laurie Bandlow, Superintendent

December 2, 2017

Honorable President and Members
of the Board of Education
Paulsboro School District
County of Gloucester
Paulsboro, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Paulsboro School District for the fiscal year ended June 30, 2017, 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 Paulsboro School District. 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, 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 district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

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

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Paulsboro School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The Paulsboro School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The Paulsboro Public Schools, consisting of the Billingsport Early Childhood Center, Loudenslager Elementary School and Paulsboro Junior-Senior High School. The Billingsport Early Childhood Center serves students in prekindergarten through grade two. Full day programs for all prekindergarten and kindergarten students are a matter of pride for the community.

Loudenslager Elementary School serves students in grades three through six. The program at this school is designed to meet the needs of upper elementary school age children.

Paulsboro Junior-Senior High School serves grades seven through twelve students. In addition to hometown students, this school receives pupils from Greenwich Township. Paulsboro Junior-Senior High School offers a comprehensive curriculum with courses ranging from special education to advanced placement. In addition to the excellent academic program, the community is particularly proud of the school's legendary athletic program. The number of graduates who attend the United States Military and Naval Academies as well as those who play in the National Football League demonstrates both the range and effectiveness of the school program.

All of the schools have modern library/media centers, Bright Links/Smart Boards in classrooms, and a computer classroom. All of the classrooms have Internet access. The district network consists of nearly 900 computers and the district is moving towards centralized printing. The Genesis student information program is used districtwide to provide accurate recordkeeping and curriculum monitoring.

Many districts have discontinued PreK-12 art and music programs. The Paulsboro Public Schools continue to offer these programs so that the interests of all students are addressed. Once again, going against the trend, Paulsboro High School has an excellent woodshop program.

Another point of pride is the fact that the district is organized based on the Princeton Plan where all students in a given grade are served in a single school. As a result, the schools are fully integrated. In fact, diversity is celebrated in the Paulsboro Public Schools. One example of the pride in diversity is the half-century old Brotherhood Program. Another example is the Student United for Respect and Equality (SURE). This program was founded at Paulsboro High School and now serves as the model for the Gloucester County SURE initiative.

The entire Paulsboro School Family is focused on improving student attendance, increasing instructional time and improving test scores. Implementation of the McREL teacher observation system as well as the New Jersey Department of Education initiative of Student Growth Objectives (SGO) and Student Growth

Percentiles (SGP) will move the administration and faculty toward their goal of maintaining and improving the education for all of the district students.

School enrollment has steadily declined from approximately 1,500 students (circa 2000-2001) to a current enrollment of 1,125 as of October 14, 2016. This is approximately a .18% increase in enrollment.

As summary of the trends for the past 10 fiscal years is as follows:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,125	0.18%
2015-2016	1,123	-2.43%
2014-2015	1,151	-0.60%
2013-2014	1,158	-4.77%
2012-2013	1,216	-1.46%
2011-2012	1,234	-5.15%
2010-2011	1,301	-3.13%
2009-2010	1,343	-4.00%
2008-2009	1,399	-2.24%
2007-2008	1,431	0.70%

The decrease in enrollment is partially due to the Gloucester County Institute of Technology (GCIT) becoming a full-time program. While we are all proud of the quality and scope of the programs offered by GCIT, the full-time program has placed an additional strain on the Paulsboro Public Schools. Specifically, it is very difficult to offer the full range of programs required in a comprehensive high school with fewer students.

The overall decrease in enrollment reduces the revenue available to the Paulsboro Public Schools. The decrease in funds is a result of less state school aid, fewer students (and therefore less tuition) from the Greenwich Township Public Schools. The cost of sending students to GCIT places a strain on the expenditure side of the budget.

ECONOMIC CONDITION AND OUTLOOK

The Borough of Paulsboro had been fully developed with little potential for an increase in the number of residential units. There is, however, a considerable amount of recycling of existing homes. Some large

homes have been converted into multi-unit apartments. Young families are purchasing other homes. As a result, the overall valuation of the Borough is relatively stable.

There is also a substantial amount of subsidized housing within the borough. A significant percentage of the dwellings are rental properties.

The most significant community factor impacting the students is poverty. Currently, 71.79% of the students are eligible for free and reduced price lunch. This is an indicator of poverty. The conditions surrounding poverty include high absence rates, high rates of mobility, elevated number of dropouts, and lower achievement. In addition, the rate of students identified with disabilities increases when poverty is a factor.

MAJOR INITIATIVES

Paulsboro continues to look at ways to save money by combining efforts with other districts in joint purchases and the utilization of resources. Some of the cost saving methods are indicated below:

- The Board of Education is a member of a Joint Insurance Fund (SAIF) composed of school districts in southern New Jersey. The SAIF has the potential of leveling costs in the future.
- The Board of Education, during this audit, was a member of the Southern New Jersey Regional Employee Benefits Fund. Composed of several school districts and municipalities. This venture reduces the cost of health care for all of its members.
- The Board of Education has accepted status as a Choice School. Parents from other districts may send their child to the Paulsboro Public Schools at no cost. In fact, the district applied for and received approval to expand the Choice program. It now includes the Loudenslager Elementary School as well as Paulsboro High School.
- The district also offers professional courtesy to staff members so that their children can attend the Paulsboro Public Schools. Staff members recognize the quality of education at Paulsboro and therefore request that their children attend.
- The school district maintains a strong cooperative relationship with local businesses and industry. By illustration, the ExxonMobil grant funding program “Earn While You Learn” allows students to participate in a summer work-study program.

INTERNAL ACCOUNTING CONTROLS

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general 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 delivered; and (2) the valuation of costs and benefits require 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 evaluations by the district management.

As part of the School 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.

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

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

FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Paulsboro 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.

Respectfully submitted,



Dr. Laurie Bandlow, Superintendent

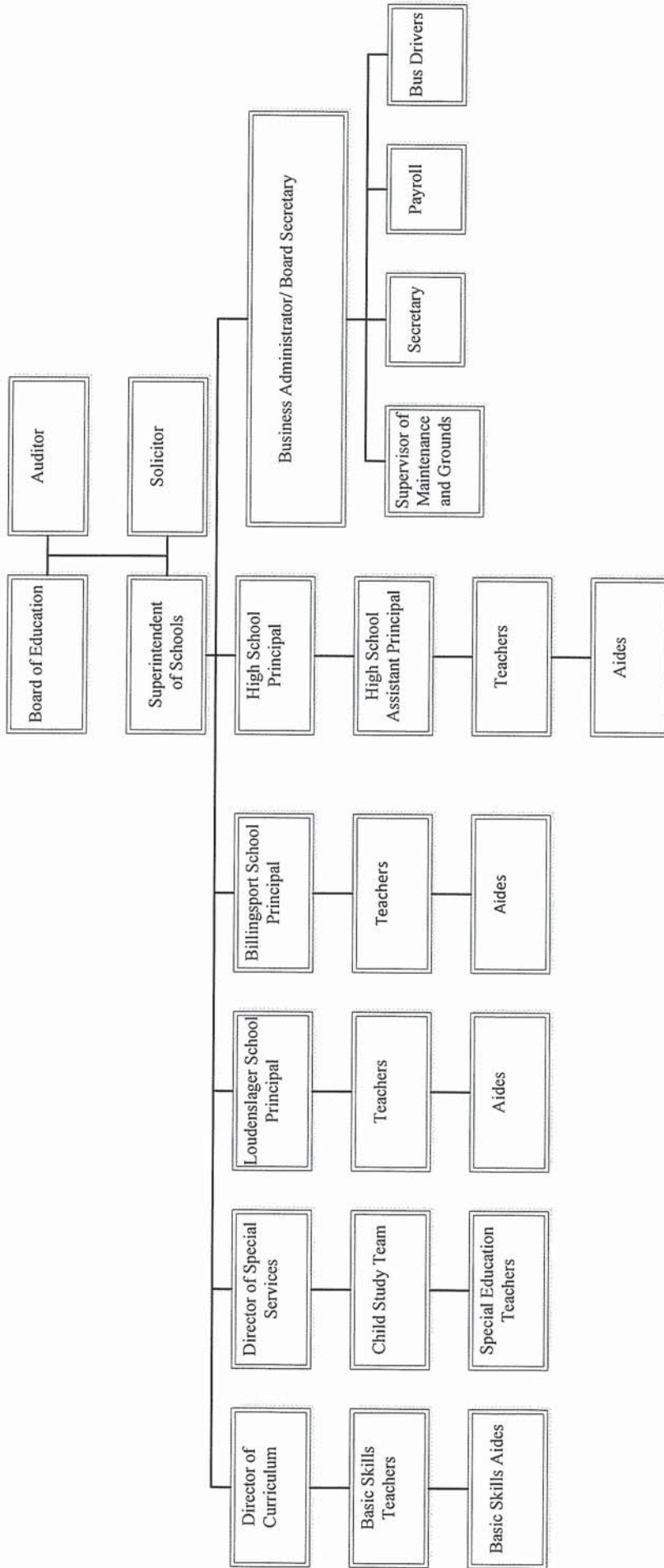


Jennifer Johnson, School Business Administrator/Board Secretary

Paulsboro Public Schools

Organizational Chart

Chain of Command



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PAULSBORO SCHOOL DISTRICT
Paulsboro, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Thomas Ridinger, President	2018
Joseph L. Lisa, Vice President	2017
John Hughes (1)	
Barbara Dunn	2017
Marvin E. Hamilton, Sr.	2019
Willaim Scott MacKenzie	2017
Lisa Priest	2019
Lisa L. Lozada-Shaw	2017
Irma R. Stevenson	2018
James J. Walter, II	2018

OTHER OFFICIALS

Dr. Laurie Bandlow, Superintendent of Schools

Jennifer Johnson, Business Administrator/Board Secretary

Deborah Kappra, Treasurer

Philipp Duvilla, Solicitor

(1) Representative from Greenwich Township Public Schools

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PAULSBORO SCHOOL DISTRICT
Paulsboro, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Kevin P. Frenia, CPA, PSA
Holman Frenia Allison, P. C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Philipp Duvilla
39 South Broad Street
Woodbury, New Jersey 08055

ARCHITECT

Garrison Architects
713 Creek Road
Belmawr, New Jersey 08031

OFFICIAL DEPOSITORY

Ocean First Bank
Mantua Township, New Jersey 08051

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FINANCIAL SECTION

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INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Education
Paulsboro School District
County of Gloucester
Paulsboro, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Paulsboro School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2017, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 District’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Paulsboro School District, County of Gloucester, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Paulsboro 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 Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *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 the 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 section and statistical section 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, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "Kevin Frenia". The signature is written in a cursive style with a large initial "K".

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
December 2, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the Paulsboro School District, 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, 2017. 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.

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) Government-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.

Government-Wide Financial Statements

The *government-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 government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources 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 expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-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 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 reflect the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-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 government-wide financial statements. However, unlike the government-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 financial requirements in the near term.

PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

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 government-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 government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-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.

PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 5,212,456	\$ 5,676,844	\$ (464,388)	-8.2%
Capital Assets, Net	<u>8,909,280</u>	<u>7,454,487</u>	<u>1,454,793</u>	19.5%
Total Assets	<u>14,121,736</u>	<u>13,131,331</u>	<u>990,405</u>	7.5%
Deferred Outflow of Resources	<u>2,196,501</u>	<u>729,895</u>	<u>1,466,606</u>	200.9%
Current and other Liabilities	2,031,116	1,044,649	986,467	94.4%
Noncurrent Liabilities	<u>11,828,554</u>	<u>9,652,365</u>	<u>2,176,189</u>	22.5%
Total Liabilities	<u>13,859,670</u>	<u>10,697,014</u>	<u>3,162,656</u>	29.6%
Deferred Inflow of Resources	<u>505,745</u>	<u>733,003</u>	<u>(227,258)</u>	-31.0%
Net Position:				
Net Investment in Capital Assets	5,401,176	4,342,889	1,058,287	24.4%
Restricted	2,455,511	2,777,753	(322,242)	-11.6%
Unrestricted (Deficit)	<u>(5,903,865)</u>	<u>(4,689,433)</u>	<u>(1,214,432)</u>	25.9%
Total Net Position	<u>\$ 1,952,822</u>	<u>\$ 2,431,209</u>	<u>\$ (478,387)</u>	-19.7%

PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 37,214	\$ 29,850	\$ 7,364	24.7%
Operating Grants & Contributions	5,118,172	5,499,180	(381,008)	-6.9%
General Revenues:				
Property Taxes	5,908,377	5,790,151	118,226	2.0%
Federal & State Aid	13,282,219	13,561,677	(279,458)	-2.1%
Other General Revenues	1,635,757	1,845,629	(209,872)	-11.4%
Total Revenues	<u>25,981,739</u>	<u>26,726,487</u>	<u>(744,748)</u>	<u>-2.8%</u>
Function/Program Expenditures:				
Regular Instruction	5,648,527	6,058,930	(410,403)	-6.8%
Special Education Instruction	3,247,102	3,159,325	87,777	2.8%
Other Instruction	565,651	548,956	16,695	3.0%
Tuition	2,717,272	1,843,059	874,213	47.4%
Student & Instruction Related Services	2,211,805	1,898,373	313,432	16.5%
General Administrative	409,890	451,708	(41,818)	-9.3%
School Administrative Services	953,041	925,178	27,863	3.0%
Central Services	262,821	247,573	15,248	6.2%
Administrative Info. Technology	68,743	73,473	(4,730)	-6.4%
Plant Operations & Maintenance	1,393,830	1,609,360	(215,530)	-13.4%
Pupil Transportation	849,518	678,201	171,317	25.3%
Unallocated Benefits	4,322,016	3,954,995	367,021	9.3%
On Behalf TPAF Pension and Social				
Security Contributions	2,445,219	2,217,980	227,239	10.2%
Interest & Other Charges	102,702	99,550	3,152	3.2%
Unallocated Depreciation	496,048	518,503	(22,455)	-4.3%
Food Service	765,941	756,712	9,229	1.2%
Total Expenditures	<u>26,460,126</u>	<u>25,041,876</u>	<u>1,418,250</u>	<u>5.7%</u>
Change In Net Position	(478,387)	1,684,611	(2,162,998)	-128.4%
Net Position - Beginning	2,431,209	746,598	1,684,611	225.6%
Net Position - Ending	<u>\$ 1,952,822</u>	<u>\$ 2,431,209</u>	<u>\$ (478,387)</u>	<u>-19.7%</u>

**PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)**

Financial Analysis of the School District as a Whole (continued)

Governmental Activities

During the fiscal year 2017, the net position of governmental activities decreased by \$515,764 or 22%. The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$1,799,792, with an unrestricted deficit balance of (\$6,047,910). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3
GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$	(6,047,910)
Add back: PERS Pension Liability		7,355,195
Less: Deferred Outflows related to pensions		(2,196,501)
Add back: Deferred Inflows related to pensions		<u>505,745</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(383,471)</u>

Business-type Activities

During the fiscal year 2017, the net position of business-type activities increased by \$37,377 or 32%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$153,030.

General Fund Budgeting Highlights

Final budgeted revenues was \$19,367,909, which was \$10,553 greater than the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$362,716.

Final budgeted appropriations was \$21,825,469, which was an increase of \$10,553 from the original budget. The increase is primarily due to an increase prior year SEMI- ARRA funds which increase the budget appropriations and revenues in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$1,175,295.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$2,233,359 at June 30, 2017, a decrease of \$919,549 from the prior year.

PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$3,292,972, a decrease of \$1,244,013 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund decreased by \$915,541 or 45% to \$1,109,977 at June 30, 2017, compared to an increase of \$254,055 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Expenditures increased by \$1,347,100 from fiscal year 2016 to 2017
- Tuition Revenue decreased by \$235,798 from fiscal year 2016 to 2017
- Total State revenue increased by \$506,513
- Overall revenues increased by \$283,602

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$329,731 or 13% to \$2,192,330 at June 30, 2017, compared to a decrease of \$586,792 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the capital projects fund is as follows:

- Construction expenditures of \$1,097,243 for various capital projects in the current fiscal year

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund increased by \$1,259 or 2% to \$8,582 at June 30, 2017, compared to an increase of \$5,588 in fund balance in the prior fiscal year.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$37,377 or 32% to \$153,030 at June 30, 2017, compared to an increase of \$32,080 in net position in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- State and federal subsidy reimbursements (Child Nutrition Cluster) increase \$14,502 from fiscal year 2016 to 2017
- Operating expenses increased \$9,229 from fiscal year 2016 to 2017
- Operating Revenues decreased by \$7,364 from fiscal year 2016 to 2017

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$8,909,280 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School Districts "Net Investment in Capital Assets" component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$1,058,287. This increase is primarily due to current year construction expenditures in the amount of \$1,097,243, which is reported in the District's capital projects fund. Table 4 shows fiscal 2017 balances compared to 2016.

**PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)**

Capital Assets (continued)

**Table 4
Summary of Capital Assets**

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Land	\$ 99,211	\$ 99,211	\$ -	0.0%
Construction in Progress	3,187,894	2,090,651	1,097,243	52.5%
Land Improvements	490,523	487,984	2,539	0.5%
Building and Improvements	3,146,493	3,351,874	(205,381)	-6.1%
Equipment	1,985,159	1,424,767	560,392	39.3%
	<u>\$ 8,909,280</u>	<u>\$ 7,454,487</u>	<u>\$ 1,454,793</u>	19.5%

Depreciation expense for the year was \$496,884. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 4) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$2,912,000, which is a decrease of \$110,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

Factors on the School District's Future

The District anticipates the approved 2017-2018 budget will be adequate to satisfy all 2017-2018 financial needs. With local and state tax revenues depleting it is anticipated that the district will continue to face difficult tasks when preparing subsequent years budgets.

Contacting the School Districts Financial Management

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 Jennifer Johnson, School Business Administrator/Board Secretary at the Paulsboro Board of Education, Administration Building, 662 N. Delaware Street, Paulsboro, NJ 08066.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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PAULSBORO SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash & Cash Equivalents	\$ 2,277,552	\$ 241,928	\$ 2,519,480
Receivables, Net (Note 3)	2,628,606	46,386	2,674,992
Inventory		17,984	17,984
Capital Assets, Net (Note 4)			
Non-depreciable	3,287,105		3,287,105
Depreciable	5,613,190	8,985	5,622,175
	<hr/>		
Total Assets	13,806,453	315,283	14,121,736
<hr/>			
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 7)	2,196,501	-	2,196,501
	<hr/>		
Total Deferred Outflow of Resources	2,196,501	-	2,196,501
<hr/>			
LIABILITIES:			
Accounts Payable	367,158	139,268	506,426
Temporary Note Payable (Note 20)	1,136,449		1,136,449
Due to Other Governments	250,960		250,960
Unearned Revenue	104,376	10,169	114,545
Accrued Interest	22,736		22,736
Noncurrent Liabilities (Note 6):			
Due within one year	298,036		298,036
Due in more than one year	11,517,702	12,816	11,530,518
	<hr/>		
Total Liabilities	13,697,417	162,253	13,859,670
<hr/>			
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 7)	505,745	-	505,745
	<hr/>		
Total Deferred Inflow of Resources	505,745	-	505,745
<hr/>			
NET POSITION:			
Net Investment in Capital Assets	5,392,191	8,985	5,401,176
Restricted for:			
Capital Projects	2,192,330		2,192,330
Debt Service	8,582		8,582
Excess Surplus	254,599		254,599
Unrestricted (Deficit)	(6,047,910)	144,045	(5,903,865)
	<hr/>		
Total Net Position	\$ 1,799,792	\$ 153,030	\$ 1,952,822
	<hr/> <hr/>		

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

PAULSBORO SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 5,648,527	\$ -	-	-	(5,648,527)	-	\$ (5,648,527)
Special Education Instruction	3,247,102	1,617,224	-	-	(1,629,878)	-	(1,629,878)
Other Instruction	565,651	-	-	-	(565,651)	-	(565,651)
Support Services:							
Tuition	2,717,272	-	289,625	-	(2,427,647)	-	(2,427,647)
Student & Instruction Related Services	2,211,805	-	-	-	(2,211,805)	-	(2,211,805)
General Administrative	409,890	-	-	-	(409,890)	-	(409,890)
School Administrative Services	953,041	-	-	-	(953,041)	-	(953,041)
Central Services	262,821	-	-	-	(262,821)	-	(262,821)
Administrative Info. Technology	68,743	-	-	-	(68,743)	-	(68,743)
Plant Operations & Maintenance	1,393,830	-	-	-	(1,393,830)	-	(1,393,830)
Pupil Transportation	849,518	-	-	-	(849,518)	-	(849,518)
Unallocated Benefits	4,322,016	-	-	-	(4,322,016)	-	(4,322,016)
On Behalf TPAP Pension and Social Security Contributions	2,445,219	-	2,445,219	-	-	-	-
Interest & Other Charges	102,702	-	-	-	(102,702)	-	(102,702)
Unallocated Depreciation	496,048	-	-	-	(496,048)	-	(496,048)
Total Governmental Activities	25,694,185	-	4,352,068	-	(21,342,117)	-	(21,342,117)
Business-Type Activities:							
Food Service	765,941	37,214	766,104	-	-	37,377	37,377
Total Business-Type Activities	765,941	37,214	766,104	-	-	37,377	37,377
Total Primary Government	\$ 26,460,126	\$ 37,214	\$ 5,118,172	\$ -	(21,342,117)	37,377	(21,304,740)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					5,705,866		5,705,866
Property Taxes, Levied for Debt Service					202,511		202,511
Federal & State Aid Restricted					767,512		767,512
Federal & State Aid Not Restricted					12,514,707		12,514,707
Tuition Charges					1,326,895		1,326,895
Miscellaneous					308,862		308,862
Total General Revenues					20,826,353		20,826,353
Change In Net Position					(515,764)	37,377	(478,387)
Net Position - Beginning					2,315,556	115,653	2,431,209
Net Position - Ending					\$ 1,799,792	\$ 153,030	\$ 1,952,822

B. Fund Financial Statements

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**PAULSBORO SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS:					
Cash & Cash Equivalents	\$ 1,206,299	\$ 937,797	\$ 127,867	\$ 5,589	\$ 2,277,552
Receivables, Net:					
Interfund Receivable	809,573		2,080	2,993	814,646
Due from Other Governments:					
State	225,254	19,865	2,216,289	-	2,461,408
Federal		137,024	-	-	137,024
Other Receivables	17,916	12,258	-	-	30,174
	<hr/>				
Total Assets	<u>\$ 2,259,042</u>	<u>\$ 1,106,944</u>	<u>\$ 2,346,236</u>	<u>\$ 8,582</u>	<u>\$ 5,720,804</u>
LIABILITIES & FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 10,536	\$ 205,709	\$ 150,913	\$ -	367,158
Temporary Note Payable	1,136,449				1,136,449
Due to Other Governments		5,203			5,203
Interfund Payable	2,080	809,573	2,993	-	814,646
Unearned Revenue		104,376	-	-	104,376
		<hr/>			
Total Liabilities	<u>1,149,065</u>	<u>1,124,861</u>	<u>153,906</u>	<u>-</u>	<u>2,427,832</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	254,599				254,599
Capital Projects			2,192,330		2,192,330
Debt Service				8,582	8,582
Assigned to:					
Designated for Subsequent Year's Expenditures	1,119,970				1,119,970
Other Purposes	722,103				722,103
Unassigned	(986,695)	(17,917)			(1,004,612)
		<hr/>			
Total Fund Balances	<u>1,109,977</u>	<u>(17,917)</u>	<u>2,192,330</u>	<u>8,582</u>	<u>3,292,972</u>
		<hr/>			
Total Liabilities & Fund Balances	<u>\$ 2,259,042</u>	<u>\$ 1,106,944</u>	<u>\$ 2,346,236</u>	<u>\$ 8,582</u>	
Amounts reported for <i>governmental activities</i> 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 \$19,422,854 and the accumulated depreciation is \$10,522,559					
					8,900,295
Deferred outflows and inflows of resources related to pensions and deferred charge or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.					
Deferred Outflows related to pensions					2,196,501
Deferred Inflows related to pensions					(505,745)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds					
					(22,736)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position					
					(245,757)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds					
					<u>(11,815,738)</u>
Net Position of Governmental Activities					<u>\$ 1,799,792</u>

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

PAULSBORO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 5,705,866		\$ -	\$ 202,511	\$ 5,908,377
Tuition Charges	1,326,895		-		1,326,895
Miscellaneous	187,165	80,339	-	2,993	270,497
Total Local Sources	<u>7,219,926</u>	<u>80,339</u>	<u>-</u>	<u>205,504</u>	<u>7,505,769</u>
State Sources	14,883,388	288,042	767,512	-	15,938,942
Federal Sources	76,538	1,657,172	-	-	1,733,710
Total Revenues	<u>22,179,852</u>	<u>2,025,553</u>	<u>767,512</u>	<u>205,504</u>	<u>25,178,421</u>
Expenditures:					
Instruction:					
Regular Instruction	5,648,527		-	-	5,648,527
Special Education Instruction	1,403,684	1,843,418	-	-	3,247,102
Other Instruction	565,651		-	-	565,651
Support Services:					
Tuition	2,427,647	289,625	-	-	2,717,272
Student & Instruction Related Services	2,211,805	-	-	-	2,211,805
General Administrative	409,890		-	-	409,890
School Administrative Services	953,041		-	-	953,041
Central Services	262,821		-	-	262,821
Administrative Info. Technology	68,743		-	-	68,743
Plant Operations & Maintenance	1,393,830		-	-	1,393,830
Pupil Transportation	849,518		-	-	849,518
Unallocated Benefits	3,989,268		-	-	3,989,268
On Behalf TPAF Pension and Social Security Contributions	2,445,219		-	-	2,445,219
Capital Outlay	735,730	118,704	1,097,243	-	1,951,677
Debt Service:					
Principal	155,631		-	110,000	265,631
Interest & Other Charges	10,331		-	94,245	104,576
Total Expenditures	<u>23,531,336</u>	<u>2,251,747</u>	<u>1,097,243</u>	<u>204,245</u>	<u>27,084,571</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(1,351,484)</u>	<u>(226,194)</u>	<u>(329,731)</u>	<u>1,259</u>	<u>(1,906,150)</u>
Other Financing Sources (Uses):					
Transfers In/(Out)	(226,194)	226,194	-	-	-
Capital Lease (non-budgeted)	662,137		-	-	662,137
Total Other Financing Sources (Uses)	<u>435,943</u>	<u>226,194</u>	<u>-</u>	<u>-</u>	<u>662,137</u>
Net changes in fund balances	(915,541)	-	(329,731)	1,259	(1,244,013)
Fund Balance, July 1	<u>2,025,518</u>	<u>(17,917)</u>	<u>2,522,061</u>	<u>7,323</u>	<u>4,536,985</u>
Fund Balance, June 30	<u>\$ 1,109,977</u>	<u>\$ (17,917)</u>	<u>\$ 2,192,330</u>	<u>\$ 8,582</u>	<u>\$ 3,292,972</u>

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

**PAULSBORO 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, 2017**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		(1,244,013)
Amounts reported for governmental activities in the statement of activities (A-2) are different because		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. When capital outlays and other adjustments exceed depreciation, the difference is an addition in the reconciliation (+); when depreciation and other adjustments exceed capital outlays the difference is a reduction to the reconciliation (-)		
	Depreciation Expense	(496,048)
	Capital Outlays	<u>1,951,677</u>
		1,455,629
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(345,925)
Repayment of long-term debt principal and obligation of lease purchase agreements are 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.		
		265,631
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
	Capital lease proceeds	<u>(662,137)</u>
		(662,137)
In the statement of activities, 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. The accrued interest is an addition in the reconciliation (+).		
		1,874
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>13,177</u>
Change in Net Position of Governmental Activities		<u><u>\$ (515,764)</u></u>

**PAULSBORO SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017**

	<u>FOOD SERVICE</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 241,928
Accounts Receivable:	
State	447
Federal	39,717
Other	5,916
Interfund Accounts Receivable	306
Inventories	17,984
	306,298
Total Current Assets	306,298
Noncurrent assets:	
Furniture, Machinery & Equipment	102,082
Less: Accumulated Depreciation	(93,097)
	8,985
Total Noncurrent Assets	8,985
Total Assets	315,283
 LIABILITIES	
Current Liabilities:	
Accounts Payable	139,268
Unearned Revenue	10,169
	149,437
Total Current Liabilities	149,437
Long-Term Liabilities:	
Compensated Absences Payable	12,816
	12,816
Total Liabilities	162,253
 NET POSITION	
Net Investment in Capital Assets	8,985
Unrestricted	144,045
	153,030
Total Net Position	\$ 153,030

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

**PAULSBORO SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2017**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 3,283
Daily Sales - Nonreimbursable Programs	33,931
	37,214
Total Operating Revenues	37,214
Operating Expenses:	
Cost of Sales-reimbursable Programs	364,012
Cost of Sales-non-reimbursable programs	19,071
Salaries	228,468
Employee Benefits	80,078
Supplies & Materials	24,379
Management Fee	38,782
Other Miscellaneous	10,315
Depreciation	836
	765,941
Total Operating Expenses	765,941
Operating Income/(loss)	(728,727)
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	8,025
Federal Sources:	
National School Lunch Program	453,459
National Summer Lunch Program	14,916
Healthy Hunger-Free Kids Act	8,841
School Breakfast Program	218,069
After School Snacks	6,985
Food Distribution Program	55,809
	766,104
Total Nonoperating Revenues/(Expenses)	766,104
Change in Net Position	37,377
Total net position—July 1	115,653
Total net position—June 30	\$ 153,030

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

**PAULSBORO SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2017**

	FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 35,363
Payments to Employees	(228,468)
Payments for Employee Benefits	(81,250)
Payments to Suppliers	(266,569)
	(540,924)
Net Cash Provided/(Used) by Operating Activities	(540,924)
Cash Flows From Noncapital Financing Activities:	
Cash Received from Federal & State Reimbursements	791,353
Interfunds Liquidated	(9,000)
	782,353
Net Cash Provided/(Used) by Noncapital Financing Activities	782,353
Net Increase/(Decrease) in Cash & Cash Equivalents	241,429
Cash and Cash Equivalents, July 1	499
	241,928
Cash & Cash Equivalents, June 30	\$ 241,928

Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:

Operating Income/(Loss)	\$ (728,727)
Adjustments to Reconcile Operating Income/(Loss) to	
Net Cash Provided/(Used) by Operating Activities:	
Depreciation	836
Food Distribution Program	55,809
Changes in Assets & Liabilities:	
(Increase)/Decrease in Inventory	(3,150)
Increase/(Decrease) in Accounts Payable	137,331
(Increase)/Decrease in Accounts Receivable	(5,916)
Increase/(Decrease) in Unearned Revenue	4,065
Increase/(Decrease) in Compensated Absences Payable	(1,172)
	187,803
Total Adjustments	187,803
Net Cash Provided/(Used In) Operating Activities	\$ (540,924)

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

**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE	AGENCY		TOTAL
	SCHOLARSHIP	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 123,550	\$ 76,602	\$ 194,809	\$ 394,961
Interfund Receivable	250	-	-	250
Total Assets	123,800	76,602	194,809	395,211
LIABILITIES				
Payroll Deductions & Withholdings	-	-	194,809	194,809
Due to Student Groups	-	76,046	-	76,046
Interfund Payable	-	556	-	556
Total Liabilities	-	76,602	194,809	271,411
NET POSITION				
Reserved for Scholarships	123,800	-	-	123,800
Total Net Position	\$ 123,800	\$ -	\$ -	\$ 123,800

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

**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

ADDITIONS	<u>PRIVATE PURPOSE SCHOLARSHIP</u>
Contributions:	
Other	\$ 36,576
Total Contributions	<u>36,576</u>
Investment Earnings:	
Interest	<u>239</u>
Net Investment Earnings	<u>239</u>
Total Additions	<u>36,815</u>
DEDUCTIONS	
Scholarship Payments	<u>50,615</u>
Total Deductions	<u>50,615</u>
Change in Net Position	(13,800)
Net Position - Beginning of the Year	<u>137,600</u>
Net Position - End of the Year	<u><u>\$ 123,800</u></u>

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

PAULSBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Paulsboro School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Paulsboro School District is a Type II School District located in the County of Gloucester, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through twelfth at its four schools. The School District has an approximate enrollment at June 30, 2017 of 1,125 students.

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

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

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.

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides 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 Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following 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 noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School District includes budgeted capital outlay in this fund. Generally accepted accounting principles 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.

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that 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 the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially 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 the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

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

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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. 6A:23-2-2(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:23-2-11.

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

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Budgets/Budgetary Control (continued)

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

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 accounts as presented in the general fund budgetary comparison schedules 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 Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal 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 last 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. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned 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 include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments (continued)

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

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. As previously mentioned, 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 in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

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 absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable 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 in 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, government 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.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Deferred Outflows and Deferred 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 periods and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This 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. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These 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 (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between 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 components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of 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 laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$5,732,546 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 5,430,528
Uninsured and Uncollateralized	302,018
	\$ 5,732,546

Investments

The School District had no investments at June 30, 2017.

Note 3. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District’s governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>			<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Food Service Fund</u>	<u>Business-Type Activities</u>
Federal Awards	\$ -	\$ 137,024	\$ -	\$ 137,024	\$ 39,716	\$ 39,716
State Awards	225,254	19,865	2,216,289	2,461,408	447	447
Tuition	17,916	-	-	17,916		-
Other	-	12,258	-	12,258	5,916	5,916
Total	\$ 243,170	\$ 169,147	\$ 2,216,289	\$ 2,628,606	\$ 46,079	\$ 46,079

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 99,211	\$ -	\$ -	\$ 99,211
Construction in Progress	2,090,651	1,097,243	-	3,187,894
Total Capital Assets not being depreciated	<u>2,189,862</u>	<u>1,097,243</u>	-	<u>3,287,105</u>
Capital Assets being depreciated:				
Land Improvements	1,946,635	74,071		2,020,706
Buildings and Improvements	9,946,722			9,946,722
Equipment	3,387,958	780,363		4,168,321
Total Capital Assets being depreciated	<u>15,281,315</u>	<u>854,434</u>	-	<u>16,135,749</u>
Less: Accumulated Depreciation:				
Land Improvements	(1,458,651)	(71,532)		(1,530,183)
Buildings and Improvements	(6,594,848)	(205,381)		(6,800,229)
Equipment	(1,973,012)	(219,135)		(2,192,147)
Total Accumulated Depreciation	<u>(10,026,511)</u>	<u>(496,048)</u>	-	<u>(10,522,559)</u>
Total Capital Assets being depreciated, net	<u>5,254,804</u>	<u>358,386</u>	-	<u>5,613,190</u>
Total Governmental Activities Capital Assets, net	<u>\$ 7,444,666</u>	<u>\$ 1,455,629</u>	\$ -	<u>\$ 8,900,295</u>
	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
Business-Type Activities:				
Equipment	\$ 102,082	\$ -	\$ -	\$ 102,082
	<u>102,082</u>	-	-	<u>102,082</u>
Less: Accumulated Depreciation:				
Equipment	(92,261)	(836)	-	(93,097)
	<u>(92,261)</u>	<u>(836)</u>	-	<u>(93,097)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 9,821</u>	<u>\$ (836)</u>	\$ -	<u>\$ 8,985</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 5. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 809,573	\$ 2,080
Special Revenue Fund		809,573
Capital Projects Fund	2,080	2,993
Debt Service Fund	2,993	
Food Service Fund	306	
Scholarship Fund	250	
Student Activity Fund		556
	<u>\$ 815,202</u>	<u>\$ 815,202</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 226,194
Special Revenue Fund	226,194	-
	<u>\$ 226,194</u>	<u>\$ 226,194</u>

The purpose of the interfund transfer was for the School District's local contribution to Pre-K grant.

Note 6. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 6. Long-Term Obligations (continued)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Balance</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 3,022,000	\$ -	\$ 110,000	\$ 2,912,000	\$ 115,000
Capital Leases	89,598	662,137	155,631	596,104	183,036
Compensated Absences	965,616	2,344	28,337	939,623	
Net Pension Liability	5,561,163	3,250,296	1,456,264	7,355,195	
	<u>\$ 9,638,377</u>	<u>\$ 3,914,777</u>	<u>\$ 1,750,232</u>	<u>\$ 11,802,922</u>	<u>\$ 298,036</u>
Business-Type Activities:					
Compensated Absences	\$ 13,988	\$ -	\$ 1,172	\$ 12,816	\$ -
	<u>\$ 13,988</u>	<u>\$ -</u>	<u>\$ 1,172</u>	<u>\$ 12,816</u>	<u>\$ -</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, and net pension liability are liquidated by the general fund.

For business-type activities, the compensated absences is liquidated by the food service fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On April 1, 2015, the School District issued \$3,132,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 3.500% and mature on April 1, 2035.

Principal and interest due on the outstanding bonds is as follows:

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 115,000	\$ 90,945	\$ 205,945
2019	115,000	87,495	202,495
2020	125,000	84,045	209,045
2021	125,000	80,295	205,295
2022	135,000	76,545	211,545
2023-2027	755,000	318,975	1,073,975
2028-2032	915,000	195,650	1,110,650
2033-2035	627,000	43,623	670,623
	<u>\$ 2,912,000</u>	<u>\$ 977,573</u>	<u>\$ 3,889,573</u>

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 6. Long-Term Obligations (continued)

Capital Lease Payable

On October 9, 2015, the School District entered into a lease purchase agreement in the amount of \$106,098 for two 24-passenger school buses. The lease obligation was issued at an interest rate of 2.34% and matures on October 9, 2020.

On September 2, 2016, the School District entered into a lease purchase agreement in the amount of \$462,369 for various technology equipment. The lease obligation was issued at an interest rate of 1.47% and matures on September 2, 2020.

On September 2, 2016, the School District entered into a lease purchase agreement in the amount of \$199,768 for two school buses. The lease obligation was issued at an interest rate of 1.56% and matures on September 2, 2021.

The future minimum lease payments for these leases is as follows:

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 189,674
2019	189,674
2020	189,674
2021	<u>47,681</u>
Total Minimum Lease Payments	616,702
Less: Amount Representing Interest	<u>(20,598)</u>
Present Value of Minimum Lease Payments	<u>\$ 596,104</u>

Amortization of the leased equipment under capital assets is included with depreciation expense.

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

Note 7. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 tiers 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 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 the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$7,355,195 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .0248342579%, which was an increase of .0000607182% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$566,536 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 136,784	\$ -
Changes of Assumptions	1,523,604	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	280,460	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	9,896	505,745
School District contributions subsequent to measurement date	245,757	
	\$ 2,196,501	\$ 505,745

\$245,757 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Year Ending	
<u>June 30,</u>	
2018	\$ 299,922
2019	299,924
2020	378,368
2021	341,242
2022	<u>125,543</u>
	<u>\$ 1,444,999</u>

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 Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 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 as of June 30, 2016, calculated using the discount rate of 3.98% 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 or 1-percentage point higher than the current rate:

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 9,012,933</u>	<u>\$ 7,355,195</u>	<u>\$ 5,986,588</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.02483%	 0.02477%

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which 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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for TPAF:

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

<u>Tier</u>	<u>Definition</u>
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 tiers 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 the respective tier.

Contributions - The contribution policy for TPAF is set 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 active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$70,233,961. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .0892807987%, which was a decrease of .0012310163% from its proportion measured as of June 30, 2015.

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$5,277,105 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, 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 – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>\$ 83,875,045</u>	<u>\$ 70,233,961</u>	<u>\$ 59,094,255</u>
	<u>\$ 83,875,045</u>	<u>\$ 70,233,961</u>	<u>\$ 59,094,255</u>

Pension Plan Fiduciary Net Position - 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.

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$20,273, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$11,031.

Note 8. State Post-Retirement Medical Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 9. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$979,474, \$816,124 and \$2,190, respectively.

Note 10. 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; injuries to employees; and natural disasters.

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

Joint Insurance Pool – The School District also participates in the School Alliance Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers' Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

Note 11. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts' attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Economic Dependency – The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District's programs and activities.

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 12. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
AXA Equitable
Thomas Seely Agency, Inc.
Syracusa

Note 13. Compensated Absences

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

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate 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 School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$939,623 and \$12,816, respectively.

Note 14. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, 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.

PAULSBORO SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 14. Tax Abatements (continued)

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.

Note 15. Commitments

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$722,103.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$0.

Note 17. Fund Balances

General Fund – Of the \$1,109,977 General Fund fund balance at June 30, 2017, \$254,599 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$722,103 has been assigned to other purposes; \$1,119,970 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and (\$986,695) has been unassigned.

Special Revenue Fund – Of the (\$17,917) Special Revenue Fund fund balance at June 30, 2017, (\$17,917) has been unassigned.

Capital Projects Fund – Of the \$2,192,330 Capital Projects Fund fund balance at June 30, 2017, \$2,192,330 is restricted for future capital projects approved by the School District.

Debt Service Fund – Of the \$8,582 Debt Service Fund fund balance at June 30, 2017, \$8,582 is restricted for future debt service payments.

Note 18. Deficit Fund Balances

The School District has a deficit fund balance of \$986,695 in the General Fund and \$17,917 in the Special Revenue Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording

PAULSBORO SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 18. Deficit Fund Balances (continued)

the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payment(s) 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 fund statements (modified accrual basis) of \$986,695 is less than the last state aid payment.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$6,047,910 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 20. Short-Term Debt – State School Aid Anticipation Note

On June 22, 2017, the School District issue a “State School Aid Anticipation Note” in the amount of \$1,136,449 from Ocean First Bank. The note bears an interest rate of 1.35% per annum and bank fee and matures on July 10, 217. The purpose of the loan is to provide short-term cash flow needs due to the final state aid payment not being received subsequent to June 30, 2017, as discussed in Note 18.

Note 21. Subsequent Events

On July 6, 2016, the School District issued \$3,000,000 in Grant Anticipation Notes, 2017 Series A to temporary finance the School Development Authority (SDA) grant portion of the capital projects. The Notes bear an interest rate of 2.25% and mature on August 1, 2018.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Revenues:						
Local Sources:						
Local Tax Levy	10-1210-000-000	\$ 5,705,866	\$ -	\$ 5,705,866	\$ 5,705,866	\$ -
Tuition	10-1300-000-000	1,236,725	-	1,236,725	1,326,895	90,170
Miscellaneous	10-1000-000-000	95,001	-	95,001	187,165	92,164
Total Local Sources		7,037,592	-	7,037,592	7,219,926	182,334
State Sources:						
School Choice Aid	10-3116-000-000	50,435	-	50,435	50,435	-
Categorical Special Education Aid	10-3132-000-000	624,492	-	624,492	624,492	-
Equalization Aid	10-3176-000-000	11,416,506	-	11,416,506	11,416,506	-
Transportation Aid	10-3176-000-000	30,054	-	30,054	30,054	-
Security Aid	10-3176-000-000	87,962	-	87,962	87,962	-
PARCC Readiness Aid	10-3190-000-000	10,345	-	10,345	10,345	-
Per Pupil Growth Aid	10-3190-000-000	10,345	-	10,345	10,345	-
Professional Learning Community Aid	10-3190-000-000	10,440	-	10,440	10,440	-
Extraordinary Aid	10-3000-000-000	50,000	-	50,000	193,582	143,582
Nonbudgeted:						
On-Bhalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	816,124	816,124
Normal Pension Contributions		-	-	-	979,474	979,474
Long-Term Disability		-	-	-	2,190	2,190
Reimbursed TPAF Social Contributions		-	-	-	647,431	647,431
Total State Sources		12,290,579	-	12,290,579	14,879,380	2,588,801
Federal Sources:						
SEMI	10-4200-000-000	29,185	-	29,185	65,985	36,800
SEMI - ARRA	10-4200-000-000	-	10,553	10,553	10,553	-
Total Federal Sources		29,185	10,553	39,738	76,538	36,800
Total Revenues		19,357,356	10,553	19,367,909	22,175,844	2,807,935
Expenditures:						
Current Expense:						
Kindergarten	11-110-100-101	392,873	(28,575)	364,298	364,298	-
Grades 1 - 5	11-120-100-101	1,545,526	(40,626)	1,504,900	1,504,898	2
Grades 6 - 8	11-130-100-101	1,015,326	8,357	1,023,683	1,019,602	4,081
Grades 9 - 12	11-140-100-101	2,297,202	(158,119)	2,139,083	2,134,145	4,938
Home Instruction:						
Salaries of Teachers	11-150-100-101	35,200	(12,611)	22,589	22,429	160
Purchased Professional - Educational Services	11-150-100-320	35,000	9,871	44,871	43,566	1,305
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	20,000	(11,488)	8,512	8,510	2
Purchased Professional - Educational Services	11-190-100-320	225,431	(23,097)	202,334	169,048	33,286
Purchased Technical Services	11-190-100-340		1,977	1,977	1,977	-
Other Purchased Services	11-190-100-500	126,011	77,647	203,658	176,606	27,052
General Supplies	11-190-100-610	325,087	(107,339)	217,748	198,345	19,403
Textbooks	11-190-100-640	115,813	(111,075)	4,738	4,737	1
Other Objects	11-190-100-800	973	1,163	2,136	366	1,770
Total Regular Programs - Instruction		6,134,442	(393,915)	5,740,527	5,648,527	92,000
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	510,128	(29,384)	480,744	480,743	1
Other Salaries for Instruction	11-204-100-106	150,618	(84,531)	66,087	65,966	121
Purchased Technical Services	11-204-100-340	8,502	(8,502)	-	-	-

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
General Supplies	11-204-100-610	10,514	(655)	9,859	9,558	301
Total Learning and/or Language Disabilities		679,762	(123,072)	556,690	556,267	423
Behavioral Disabilities:						
Salaries of Teachers	11-209-100-101	233,802	(54,365)	179,437	178,575	862
Other Salaries for Instruction	11-209-100-106	64,950	(16,040)	48,910	48,909	1
Purchased Professional Educational Services	11-209-100-320	5,668	(5,668)	-	-	-
General Supplies	11-209-100-610	14,292	(12,079)	2,213	2,213	-
Total Behavioral Disabilities		318,712	(88,152)	230,560	229,697	863
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	203,326	(3,988)	199,338	199,338	-
Other Salaries for Instruction	11-212-100-106	35,669	(921)	34,748	34,745	3
Purchased Professional Educational Services	11-212-100-320	4,251	(4,251)	-	-	-
General Supplies	11-212-100-610	5,389	2,116	7,505	7,503	2
Total Multiple Disabilities		248,635	(7,044)	241,591	241,586	5
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	195,909	(3,842)	192,067	192,067	-
Other Salaries for Instruction	11-213-100-106	84,499	33,805	118,304	116,875	1,429
Purchased Professional Educational Services	11-213-100-320	-	-	-	-	-
General Supplies	11-213-100-610	3,219	(2,566)	653	652	1
Total Resource Room/Resource Center		283,627	27,397	311,024	309,594	1,430
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	45,330	(889)	44,441	44,441	-
Other Salaries for Instruction	11-215-100-106	22,506	(477)	22,029	22,029	-
General Supplies	11-215-100-610	2,073	(2,002)	71	70	1
Total Preschool Disabilities - Part-Time		69,909	(3,368)	66,541	66,540	1
Total Special Education		1,600,645	(194,239)	1,406,406	1,403,684	2,722
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	-	-	-	-	-
Other Salaries for Instruction	11-230-100-106	-	38,871	38,871	38,870	1
Purchased Educational Services	11-230-100-320	8,502	(8,502)	-	-	-
General Supplies	11-230-100-610	3,048	(2,438)	610	598	12
Total Basic Skills/Remedial		11,550	27,931	39,481	39,468	13
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	10,080	3,307	13,387	13,111	276
General Supplies	11-240-100-610	436	(436)	-	-	-
Total Bilingual Education - Instruction		10,516	2,871	13,387	13,111	276
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	59,389	(2,381)	57,008	57,007	1
Purchased Services	11-401-100-500	2,300	59	2,359	1,633	726
Supplies and Materials	11-401-100-600	2,875	(565)	2,310	2,310	-
Total School Sponsored Cocurricular Activities		64,564	(2,887)	61,677	60,950	727

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
School Sponsored Athletics - Instruction:						
Salaries of Teachers	11-402-100-100	296,742	(22,836)	273,906	273,905	1
Purchased Services	11-402-100-500	17,000	60,969	77,969	75,030	2,939
Supplies and Materials	11-402-100-600	97,115	(51,720)	45,395	44,048	1,347
Other Objects	11-402-100-800	20,000	(7,788)	12,212	9,412	2,800
Total School Sponsored Athletics - Instruction		430,857	(21,375)	409,482	402,395	7,087
Before/After School Programs - Instruction:						
Salaries of Teachers	11-421-100-101	31,820	(4,867)	26,953	25,616	1,337
Total Before/After School Programs - Instruction		31,820	(4,867)	26,953	25,616	1,337
Summer School - Instruction:						
Salaries of Teachers	11-422-100-101	34,188	(11,580)	22,608	19,472	3,136
Other Salaries of Instruction	11-422-100-106	-	6,055	6,055	4,324	1,731
General Supplies	11-422-100-610	2,000	(1,653)	347	315	32
Total Summer School - Instruction		36,188	(7,178)	29,010	24,111	4,899
Summer School - Support Services:						
Salaries of Teachers	11-421-200-101	5,104	(5,104)	-	-	-
Total Summer School - Support Services		5,104	(5,104)	-	-	-
Total Instruction		8,325,686	(598,763)	7,726,923	7,617,862	109,061
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's - State Regular	11-000-100-561	60,000	225,730	285,730	175,141	110,589
Tuition to Other LEA's - State Special	11-000-100-562	31,805	140,612	172,417	163,202	9,215
Tuition to County Voc. School District Regular	11-000-100-563	90,000	(21,386)	68,614	68,614	-
Tuition to CSSD & Regular Day Schools	11-000-100-565	896,580	76,995	973,575	959,295	14,280
Tuition to Private Schools for the Handicapped - State	11-000-100-566	418,057	717,334	1,135,391	890,600	244,791
Tuition - State Facilities	11-000-100-568	105,918	64,877	170,795	170,795	-
Total Undistributed Expenditures - Instruction		1,602,360	1,204,162	2,806,522	2,427,647	378,875
Attendance & Social Work Services:						
Salaries of Teachers	11-000-211-100	48,310	(716)	47,594	47,590	4
Purchased Professional & Technical Services	11-000-211-300	24,284	1,054	25,338	25,337	1
Other Purchased Services	11-000-211-500	500	(500)	-	-	-
Supplies and Materials	11-000-211-600	150	(48)	102	101	1
Total Attendance & Social Work Services		73,244	(210)	73,034	73,028	6

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Health Services:						
Salaries	11-000-213-100	187,109	(17,784)	169,325	169,325	-
Purchased Professional & Technical Services	11-000-213-300	36,399	93,044	129,443	89,456	39,987
Other Purchased Services (400-500 series)	11-000-213-500	340	(340)	-	-	-
Supplies and Materials	11-000-213-600	13,000	(8,156)	4,844	3,711	1,133
Other Objects	11-000-213-800	900	(900)	-	-	-
Total Health Services		237,748	65,864	303,612	262,492	41,120
Other Support Services - Students - Related Services:						
Salaries of Other Professional Staff	11-000-216-100	124,045	(3,023)	121,022	119,504	1,518
Purchased Educational Services	11-000-216-320	120,360	(30,692)	89,668	67,818	21,850
Supplies and Materials	11-000-216-600	3,746	(3,293)	453	452	1
Total Other Support Services - Students - Related Services		248,151	(37,008)	211,143	187,774	23,369
Special Education - Extraordinary Services						
Salaries of Other Professional Staff	11-000-217-106	-	132,948	132,948	132,708	240
Purchased Professional - Educational Services	11-000-217-320	-	1,900	1,900	1,900	-
Total Special Education - Extraordinary Services		-	134,848	134,848	134,608	240
Other Support Services - Guidance:						
Salaries of Other Professional Staff	11-000-218-104	283,152	(11,321)	271,831	271,830	1
Salaries of Secretarial & Clerical Assistants	11-000-218-105	46,831	(918)	45,913	45,912	1
Purchased Professional - Educational Services	11-000-218-320	6,075	(3,563)	2,512	2,399	113
Other Purchased Professional & Tech. Services	11-000-218-390	14,000	1,650	15,650	15,649	1
Other Purchased Services	11-000-218-500	6,550	(1,086)	5,464	2,761	2,703
Supplies and Materials	11-000-218-600	12,280	(9,754)	2,526	2,502	24
Other Objects	11-000-218-800	350	(19)	331	50	281
Total Other Support Services - Guidance		369,238	(25,011)	344,227	341,103	3,124
Other Support Services - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	398,026	2,354	400,380	398,812	1,568
Salaries of Secretarial & Clerical Assistants	11-000-219-105	82,939	(43,395)	39,544	39,543	1
Purchased Professional - Educational Services	11-000-219-320	22,265	650	22,915	-	22,915
Other Purchased Services	11-000-219-592	1,150	-	1,150	182	968
Supplies and Materials	11-000-219-600	25,168	(17,153)	8,015	7,929	86
Other Objects	11-000-219-800	1,050	(1,050)	-	-	-
Total Other Support Services - Child Study Teams		530,598	(58,594)	472,004	446,466	25,538
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries	11-000-221-102	17,920	(3,360)	14,560	13,600	960
Salaries of Other Professional Staff	11-000-221-104	195,312	2,805	198,117	198,114	3
Salaries of Secretarial & Clerical Assistants	11-000-221-105	23,416	(459)	22,957	22,956	1
Salaries of Facilitators, Math & Literary Coaches	11-000-221-176	104,528	24,396	128,924	127,941	983
Other Purchased Services	11-000-221-500	2,000	-	2,000	579	1,421
Supplies and Materials	11-000-221-600	9,000	(7,651)	1,349	1,349	-
Other Objects	11-000-221-800	2,019	(1,199)	820	820	-
Total Improvement of Instruction Services/ Other Support Services Instructional Staff		354,195	14,532	368,727	365,359	3,368
Educational Media Services/School Library:						
Salaries	11-000-222-100	231,035	(16,246)	214,789	214,787	2

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Salaries of Technology Coordinators	11-000-222-177	109,208	4,686	113,894	113,892	2
Purchased Professional & Technical Services	11-000-222-300	144,553	(110,746)	33,807	33,807	-
Other Purchased Services	11-000-222-500	1,000	-	1,000	1,000	-
Supplies and Materials	11-000-222-600	40,379	(29,914)	10,465	9,297	1,168
Total Educational Media Services/Library		526,175	(152,220)	373,955	372,783	1,172
Instructional Staff Training Services:						
Salaries of Secretarial & Clerical Assistants	11-000-223-105	23,416	(460)	22,956	22,956	-
Purchased Professional & Educational Services	11-000-223-320	3,000	(3,000)	-	-	-
Other Purchased Services	11-000-223-500	7,750	-	7,750	5,036	2,714
Supplies & Materials	11-000-223-600	2,200	(2,000)	200	200	-
Other Objects	11-000-223-800	125	(125)	-	-	-
Total Instructional Staff Training Services		36,491	(5,585)	30,906	28,192	2,714
Support Services General Administration:						
Salaries	11-000-230-100	191,843	7,498	199,341	199,215	126
Legal Services	11-000-230-331	30,000	689	30,689	28,498	2,191
Audit Fees	11-000-230-332	20,400	5,500	25,900	25,900	-
Other Purchased Professional Services	11-000-230-339	8,098	(5,588)	2,510	2,484	26
Purchased Technical Services	11-000-230-340	6,800	(300)	6,500	6,500	-
Communications/Telephone	11-000-230-530	106,319	4,172	110,491	90,481	20,010
BOE Other Purchased Services	11-000-230-585	3,969	232	4,201	3,290	911
Other Purchased Services	11-000-230-590	39,746	39,407	79,153	31,920	47,233
Supplies and Materials	11-000-230-610	9,582	(4,299)	5,283	4,628	655
BOE In-House Training/Meeting Supplies	11-000-230-630	1,680	-	1,680	1,025	655
Miscellaneous Expenditures	11-000-230-890	2,000	2,830	4,830	4,800	30
BOE Membership Dues & Fees	11-000-230-895	11,309	(159)	11,150	11,149	1
Total Support Services General Administration		431,746	49,982	481,728	409,890	71,838
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	714,392	(7,014)	707,378	707,377	1
Salaries of Other Professional Staff	11-000-240-104	20,160	(5,136)	15,024	15,024	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	210,332	(13,825)	196,507	196,505	2
Other Purchased Services	11-000-240-500	15,158	(2,366)	12,792	8,766	4,026
Supplies and Materials	11-000-240-600	13,475	3,760	17,235	14,832	2,403
Other Objects	11-000-240-800	10,980	(264)	10,716	10,537	179
Total Support Services School Administration		984,497	(24,845)	959,652	953,041	6,611
Central Services:						
Salaries	11-000-251-100	244,834	(11,030)	233,804	232,774	1,030
Purchased Professional & Technical Services	11-000-251-340	31,956	(3,000)	28,956	25,770	3,186
Miscellaneous Purchased Services	11-000-251-592	3,843	-	3,843	-	3,843
Supplies and Materials	11-000-251-600	6,689	(3,735)	2,954	2,614	340
Other Objects	11-000-251-890	1,565	98	1,663	1,663	-
Total Central Services		288,887	(17,667)	271,220	262,821	8,399
Administrative Information Technology:						
Purchased Technical Services	11-000-252-330	32,019	8,683	40,702	40,516	186
Other Purchased Services	11-000-252-500	44,607	(13,396)	31,211	24,810	6,401
Supplies and Materials	11-000-252-600	5,653	(2,136)	3,517	3,417	100
Other Objects	11-000-252-800	500	-	500	-	500
Total Administrative Information Technology		82,779	(6,849)	75,930	68,743	7,187

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Allowable Maintenance for School Facilities:						
Salaries	11-000-261-100	119,764	(7,992)	111,772	110,491	1,281
Cleaning, Repair & Maintenance Services	11-000-261-420	381,116	(267,768)	113,348	89,273	24,075
General Supplies	11-000-261-610	106,289	(63,612)	42,677	34,686	7,991
				-		
Total Allowable Maintenance for School Facilities		607,169	(339,372)	267,797	234,450	33,347
Operation & Maintenance of Plant Services & School Facilities:						
Salaries	11-000-262-100	537,112	(55,371)	481,741	453,230	28,511
Salaries of Non-Instructional Aides	11-000-262-107	40,587	744	41,331	36,002	5,329
Purchased Professional & Technical Services	11-000-262-300	9,000	-	9,000	1,871	7,129
Cleaning, Repair & Maintenance Services	11-000-262-420	45,000	(25,868)	19,132	19,132	-
Insurance	11-000-262-520	241,591	4,344	245,935	245,935	-
Miscellaneous Purchased Services	11-000-262-590	13,572	(4,597)	8,975	1,039	7,936
General Supplies	11-000-262-610	62,000	(24,486)	37,514	28,223	9,291
Energy (Natural Gas)	11-000-262-621	125,000	(20,000)	105,000	53,325	51,675
Energy (Electricity)	11-000-262-622	273,354	(34,358)	238,996	223,274	15,722
Other Objects	11-000-262-800	3,485	(3,029)	456	-	456
Total Operation & Maintenance of Plant Services & School Facilities		1,350,701	(162,621)	1,188,080	1,062,031	126,049
Care & Upkeep of Grounds:						
Salaries	11-000-263-100	60,403	(15,841)	44,562	43,865	697
Cleaning, Repair & Maintenance Services	11-000-263-420	79,000	(20,512)	58,488	47,580	10,908
Supplies and Materials	11-000-263-610	31,000	(24,643)	6,357	5,904	453
Total Care & Upkeep of Grounds		170,403	(60,996)	109,407	97,349	12,058
Security:						
Salaries	11-000-266-100	8,016	-	8,016	-	8,016
Total Security		8,016	-	8,016	-	8,016
Student Transportation Services:						
Salaries of Non-Instructional Aides	11-000-270-107	87,584	(55,486)	32,098	32,023	75
Salaries for Pupil Transportation						
(Between Home & School) - Regular	11-000-270-160	117,032	(31,948)	85,084	85,083	1
(Between Home & School) - Special	11-000-270-161	78,955	(11,207)	67,748	67,288	460
Salaries for Pupil Transportation						
(Other Than Between Home & School)	11-000-270-162	39,372	5,481	44,853	43,860	993
Other Purchased Technical Services	11-000-270-390	-	-	-	-	-
Cleaning, Repair & Maintenance Services	11-000-270-420	37,600	(15,945)	21,655	21,067	588
Rental Payments - School Buses	11-000-270-442	-	3,100	3,100	-	3,100
Contracted Services (Aid in Lieu of Payments) - (Choice Schools)	11-000-270-505	27,953	(12,828)	15,125	14,802	323
Contracted Services (Between Home & School) - Vendors	11-000-270-511	2,600	(2,600)	-	-	-
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	18,000	(17,105)	895	695	200
Contracted Services (Between Home & School) - Joint Agreement	11-000-270-513	24,300	67,386	91,686	91,686	-
Contracted Services (Special Education Students)	11-000-270-515	396,660	235,078	631,738	614,833	16,905
Miscellaneous Purchased Services - Transportation	11-000-270-593	43,431	(9,692)	33,739	33,739	-
General Supplies	11-000-270-610	1,000	(362)	638	638	-
Transportation Supplies	11-000-270-615	5,000	(1,035)	3,965	2,035	1,930
Miscellaneous Expenditures	11-000-270-800	400	60	460	260	200

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Total Student Transportation Services		879,887	152,897	1,032,784	1,008,009	24,775
Unallocated Benefits - Employee Benefits:						
Social Security Contributions - Other	11-000-291-220	203,415	25,909	229,324	225,295	4,029
Other Retirement Contributions	11-000-291-241	234,864	2,345	237,209	236,683	526
Unemployment Compensation	11-000-291-250	55,909	-	55,909	33,191	22,718
Workmen's Compensation	11-000-291-260	256,653	(9,005)	247,648	247,648	-
Health Benefits	11-000-291-270	3,463,924	(73,831)	3,390,093	3,159,079	231,014
Tuition Reimbursements	11-000-291-280	40,848	(34,548)	6,300	6,300	-
Other Employee Benefits	11-000-291-290	98,936	(16,940)	81,996	81,072	924
Total Unallocated Benefits - Employee Benefits		4,354,549	(106,070)	4,248,479	3,989,268	259,211
Nonbudgeted:						
Post-Retirement Medical Contributions		-	-	-	816,124	(816,124)
Normal Pension Contributions		-	-	-	979,474	(979,474)
Long Term Disability		-	-	-	2,190	(2,190)
Reimbursed TPAF Social Security Contributions		-	-	-	647,431	(647,431)
Total Undistributed Expenditures		13,136,834	625,237	13,762,071	15,170,273	(1,408,202)
Total Expenditures - Current Expense		21,462,520	26,474	21,488,994	22,788,135	(1,299,141)
Capital Outlay:						
Equipment:						
Grades 9-12	12-140-100-730	-	12,825	12,825	12,825	-
Required Maintenance for School Facilities	12-000-261-730	-	13,850	13,850	13,850	-
Custodial Services	12-000-262-730	-	-	-	-	-
Care & Upkeep of Grounds	12-000-263-730	-	-	-	-	-
Student Transportation - School Buses - Regular	12-000-266-730	-	-	-	-	-
School Buses - Regular	12-000-270-733	33,000	7,226	40,226	40,225	1
Special Schools	12-xxx-x00-730	-	6,724	6,724	6,693	31
Total Equipment		33,000	40,625	73,625	73,593	32
Facilities Acquisition & Construction Services						
Assessment for Debt Service on SDA Funding	12-000-400-896	7,471	-	7,471	7,471	-
Total Facilities Acquisition & Construction Services		7,471	-	7,471	7,471	-
Assets Acquired Under Capital Leases (Nonbudgeted):						
Technology Equipment		-	-	-	462,369	(462,369)
School Buses		-	-	-	199,768	(199,768)
Total Assets Acquired Under Capital Leases (Nonbudgeted):		-	-	-	662,137	(662,137)
Total Capital Outlay		40,471	40,625	81,096	743,201	(662,105)
Transfers to Charter Schools		-	29,184	29,184	-	29,184
Total Expenditures		21,502,991	96,283	21,599,274	23,531,336	(1,932,062)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures Before Other Financing Sources/(Uses)		(2,145,635)	(85,730)	(2,231,365)	(1,355,492)	875,873
Other Financing Sources/(Uses):						
Capital Leases (Nonbudgeted)		-	-	-	662,137	662,137
Transfer Out - Preschool Programs	11-105-100-935	(311,925)	85,730	(226,195)	(226,194)	(1)

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Total Other Financing Sources/(Uses)	(311,925)	85,730	(226,195)	435,943	662,136
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures After Other Financing Sources/(Uses)	(2,457,560)	-	(2,457,560)	(919,549)	1,538,009
Fund Balances, July 1	3,152,908	-	3,152,908	3,152,908	-
Fund Balances, June 30	\$ 695,348	\$ -	\$ 695,348	\$ 2,233,359	\$ 1,538,009

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 254,599
Assigned Fund Balance:	
Year-End Encumbrances	722,103
Designated for Subsequent Year's Expenditures	1,119,970
Unassigned Fund Balance	<u>136,687</u>
Subtotal	<u>2,233,359</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(1,123,382)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,109,977</u>

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
REVENUES:					
State Sources	\$ 179,170	\$ 144,262	\$ 323,432	\$ 288,042	\$ (35,390)
Federal Sources	1,639,399	203,427	1,842,826	1,657,172	(185,654)
Local Sources	85,731	11,460	97,191	80,339	(16,852)
Total Revenues	1,904,300	359,149	2,263,449	2,025,553	(237,896)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	827,166	(1,378)	825,788	759,635	66,153
Other Salaries for Instruction	199,131	52,800	251,931	249,464	2,467
Purchased Professional - Educational Services	42,236	115,309	157,545	136,663	20,882
Tuition	232,973	60,263	293,236	289,625	3,611
Supplies	19,037	63,800	82,837	52,503	30,334
Textbooks	84,716	13,950	98,666	91,353	7,313
Miscellaneous	-	3,440	3,440	1,720	1,720
Total Instruction	1,405,259	308,184	1,713,443	1,580,963	132,480
Support Services:					
Salaries of Teachers	20,826	50,805	71,631	71,631	-
Salaries of Other Professional Staff	213,784	(48,488)	165,296	165,296	-
Personal Services - Employee Benefits	261,206	(8,175)	253,031	225,776	27,255
Purchased Professional - Educational Services	36,000	19,469	55,469	40,800	14,669
Purchased Professional & Technical Services	-	12,949	12,949	12,949	-
Other Purchased Services	3,201	10,593	13,794	12,740	1,054
Contracted Services (Other Than Between Home and School) - Vendors	-	3,950	3,950	3,950	-
Travel	850	619	1,469	652	817
Supplies	54	38,224	38,278	18,286	19,992
Total Support Services	535,921	79,946	615,867	552,080	63,787
Facilities Acquisition & Construction Services:					
Instructional Equipment	114,314	(4,129)	110,185	104,304	5,881
Non-Instructional Equipment	75,000	(24,852)	50,148	14,400	35,748
Total Facilities Acquisition & Construction Services	189,314	(28,981)	160,333	118,704	41,629
Total Expenditures	2,130,494	359,149	2,489,643	2,251,747	237,896
Other Financing Sources (Uses):					
Transfer from General Fund	226,194	-	226,194	226,194	-

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Total Other Financing Sources (Uses):	226,194	-	226,194	226,194	-
Total Outflows	1,904,300	359,149	2,263,449	2,025,553	237,896
Excess/(Deficiency) of Revenues Over/(Under) Expenditures &	\$ -	\$ -	\$ -	\$ -	\$ -

**PAULSBORO SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI - PART II
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 22,175,844	\$ 2,025,553
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	1,127,390	17,917
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(1,123,382)</u>	<u>(17,917)</u>
Total Revenue as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$ 22,179,852</u>	<u>\$ 2,025,553</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 23,531,336</u>	<u>\$ 2,025,553</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 23,531,336</u>	<u>\$ 2,025,553</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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PAULSBORO SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS*

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
School District's proportion of the net pension liability	0.02483%		0.02477%		0.02812%		0.02897%
School District's proportionate share of the net pension liability	\$ 7,355,195	\$	5,561,163	\$	5,265,350	\$	5,536,666
School District's covered payroll	\$ 1,781,473	\$	1,977,711	\$	2,083,604	\$	2,127,469
School District's proportionate share of the net pension liability as a percentage of its covered payroll	412.87%		281.19%		252.70%		260.25%
Plan fiduciary net position as a percentage of the total pension liability	40.14%		47.93%		52.08%		48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, government should present information for those years for which information is available

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 245,757	\$ 220,624	\$ 212,986	\$ 231,840
Contributions in relation to the contractually required contribution	<u>(245,757)</u>	<u>(220,624)</u>	<u>(212,986)</u>	<u>(231,840)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 1,831,650	\$ 1,781,473	\$ 1,977,711	\$ 2,083,604
Contributions as a percentage of covered payroll	13.42%	12.38%	10.77%	11.13%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

PAULSBORO SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FOUR FISCAL YEARS*

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	70,233,961	57,207,332	50,441,713	48,472,777
	<u>\$ 70,233,961</u>	<u>\$ 57,207,332</u>	<u>\$ 50,441,713</u>	<u>\$ 48,472,777</u>
School District's covered payroll	\$ 9,003,558	\$ 9,451,683	\$ 9,575,426	unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, government should present information for those years for which information is available.

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**PAULSBORO SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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OTHER SUPPLEMENTARY INFORMATION

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E. Special Revenue Fund

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**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>TITLE I</u>	<u>TITLE II</u>	<u>TITLE III</u>	<u>I.D.E.A. PART B REGULAR</u>	<u>I.D.E.A. PART B PRESCHOOL</u>	<u>RTTT PRESCHOOL EXPANSION</u>
Revenues:						
Federal Sources	\$ 853,827	\$ 97,611	\$ 2,659	\$ 391,242	\$ 16,913	\$ 294,920
Local Sources	-	-	-	-	-	-
Total Revenues	\$ 853,827	\$ 97,611	\$ 2,659	\$ 391,242	\$ 16,913	\$ 294,920
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 395,983	\$ 76,426	\$ 2,659	\$ 12,240	\$ 2,560	\$ 50,969
Other Salaries for Instruction	169,691	-	-	5,558	2,700	16,503
Purchased Professional - Educational Services	29,935	-	-	11,178	-	-
Tuition	-	-	-	289,625	-	-
Supplies	-	-	-	-	-	32,802
Textbooks	84,379	-	-	6,974	-	-
Total Instruction	679,988	76,426	2,659	325,575	5,260	100,274
Support Services:						
Salaries of Teachers	47,041	-	-	-	-	-
Salaries of Other Professional Staff	104,108	-	-	50,929	960	-
Personal Services-Employee Benefits	15,519	21,185	-	14,738	444	52,709
Purchased Professional - Educational Services	-	-	-	-	-	40,800
Purchased Professional & Technical Services	2,700	-	-	-	10,249	-
Other Purchased Services	-	-	-	-	-	-
Supplies	4,471	-	-	-	-	378
Travel	-	-	-	-	-	31
Total Support Services	173,839	21,185	-	65,667	11,653	93,918
Facilities Acquisition & Construction Services:						
Instructional Equipment	-	-	-	-	-	86,328
Non-Instructional Equipment	-	-	-	-	-	14,400
Total Facilities Acquisition & Construction Services:	-	-	-	-	-	100,728
Total Expenditures	\$ 853,827	\$ 97,611	\$ 2,659	\$ 391,242	\$ 16,913	\$ 294,920

PAULSBORO SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES
 AND EXPENDITURES - BUDGETARY BASIS
 FOR FISCAL YEAR ENDED JUNE 30, 2017

	NON-PUBLIC AID											
	HANDICAPPED SERVICES (CH. 193)			AUXILIARY SERVICES (CH. 192)				HOME				
	SUPPLEMENTAL INSTRUCTION	EXAM CLASSIFICATION	CORRECTIVE SPEECH	COMPENSATORY EDUCATION	ESL	TRANSPORT	SECURITY	TEXTBOOK	INSTRUCTION	TECHNOLOGY	NURSING	
Revenues:												
State Sources	\$ 8,632	\$ 17,476	\$ 12,104	\$ 37,534	\$ 731	\$ 4,669	\$ 5,000	\$ 5,727	\$ 5,404	\$ 2,595	\$ 9,000	
Total Revenues	\$ 8,632	\$ 17,476	\$ 12,104	\$ 37,534	\$ 731	\$ 4,669	\$ 5,000	\$ 5,727	\$ 5,404	\$ 2,595	\$ 9,000	
Expenditures:												
Instruction:												
Purchased Professional - Educational Services	\$ 8,632	\$ 17,476	\$ 12,104	\$ 37,534	\$ 731	\$ 4,669	\$ -	\$ -	\$ 5,404	\$ -	\$ 9,000	
Supplies	-	-	-	-	-	-	5,000	5,727	-	2,595	-	
Total Instruction	\$ 8,632	\$ 17,476	\$ 12,104	\$ 37,534	\$ 731	\$ 4,669	\$ 5,000	\$ 5,727	\$ 5,404	\$ 2,595	\$ 9,000	
Total Expenditures	\$ 8,632	\$ 17,476	\$ 12,104	\$ 37,534	\$ 731	\$ 4,669	\$ 5,000	\$ 5,727	\$ 5,404	\$ 2,595	\$ 9,000	

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	PRESCHOOL EDUCATION PROGRAM AID	CENTENNIAL COMMITTEE	AEP COUNTY GRANT	TEACHER OF THE YEAR	EARN TO LEARN	SCIENCE DONATION	DREXEL UNIVERSITY	MISCELLANEOUS LOCAL PROGRAMS	TOTAL
Revenues:									
State Sources	\$ 179,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,042
Federal Sources	-	-	-	-	-	-	-	-	1,657,172
Local Sources	-	21,799	14,648	296	15,501	1,149	476	26,470	80,339
Total Revenues	\$ 179,170	\$ 21,799	\$ 14,648	\$ 296	\$ 15,501	\$ 1,149	\$ 476	\$ 26,470	\$ 2,025,553
Expenditures:									
Instruction:									
Salaries of Teachers	\$ 199,238	\$ -	\$ 10,936	\$ -	\$ 8,624	\$ -	\$ -	\$ -	\$ 759,635
Other Salaries for Instruction	55,012	-	-	-	-	-	-	-	249,464
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-	136,663
Tuition	-	-	-	-	-	-	-	-	289,625
Supplies	2,483	-	-	296	547	1,149	476	1,428	52,503
Miscellaneous	-	-	-	-	1,720	-	-	-	1,720
Total Instruction	256,733	-	10,936	296	10,891	1,149	476	1,428	1,580,963
Support Services:									
Salaries of Other Professional Staff	3,667	-	3,712	-	-	-	-	1,920	165,296
Salaries of Teachers	24,590	-	-	-	-	-	-	-	71,631
Personal Services - Employee Benefits	120,374	-	-	-	660	-	-	147	225,776
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-	40,800
Purchased Professional & Technical Services	-	-	-	-	-	-	-	-	12,949
Other Purchased Services	-	12,490	-	-	-	-	-	250	12,740
Contracted Services (Other Than Between Home and School) - Vendors	-	-	-	-	3,950	-	-	-	3,950
Travel	-	-	-	-	-	-	-	621	652
Supplies	-	9,309	-	-	-	-	-	4,128	18,286
Total Support Services	148,631	21,799	3,712	-	4,610	-	-	7,066	552,080
Facilities Acquisition & Construction Services:									
Instructional Equipment	-	-	-	-	-	-	-	17,976	104,304
Non-Instructional Equipment	-	-	-	-	-	-	-	-	14,400
Total Facilities Acquisition & Construction Services:	-	-	-	-	-	-	-	17,976	118,704
Total Expenditures	405,364	21,799	14,648	296	15,501	1,149	476	26,470	2,251,747
Other Financing Sources (Uses):									
Transfer from General Fund	226,194	-	-	-	-	-	-	-	226,194
Total Outflows	\$ 179,170	\$ 21,799	\$ 14,648	\$ 296	\$ 15,501	\$ 1,149	\$ 476	\$ 26,470	\$ 2,025,553

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 202,089	\$ 199,238	\$ 2,851
Other Salaries for Instruction	55,012	55,012	-
Supplies	8,370	2,483	5,887
Total Instruction	<u>265,471</u>	<u>256,733</u>	<u>8,738</u>
Support Services:			
Salaries of Teachers	28,257	28,257	-
Personal Services - Employee Benefits	141,823	120,374	21,449
Total Support Services	<u>170,080</u>	<u>148,631</u>	<u>21,449</u>
Total Expenditures	<u>\$ 435,551</u>	<u>\$ 405,364</u>	<u>\$ 30,187</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2016-2017 Preschool Education Aid Allocation	\$ 179,170
Add: Budgeted Transfer from General Fund - Local Contribution	226,194
Add: Actual Preschool Education Aid Carryover (June 30, 2016)	<u>6</u>
Total Preschool Education Aid Funds Available for 2016-2017 Budget	405,370
Less: 2016-2017 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(435,551)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2017	(30,181)
Add: June 30, 2017 Unexpended Preschool Education Aid Funds	<u>30,187</u>
2016-2017 Actual Carryover - Preschool Education Aid Funds	<u>\$ 6</u>
2016-2017 Preschool Education Aid Funds Carryover Budgeted in 2017-2018	<u>\$ 6</u>

F. Capital Projects Fund

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**PAULSBORO SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

ORIGINAL DATE	PROJECT TITLE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE 6/30/2017
			PRIOR YEAR	CURRENT YEAR	
2010	Renovation of High School Gym	\$ 341,927	\$ 316,993	\$ -	\$ 24,934
2011	Paulsboro High School HVAC Replacement	314,643	307,615	-	7,028
2015	Loudenslager Elementary School - Unbundled Project, Exterior Closure, Plumbing	2,498,969	1,577,162	2,003	919,804
2015	Billingsport Elementary School - Unbundled Project, Exterior Closure, Plumbing	729,479	189,576	245,556	294,347
2015	Paulsboro High School - Unbundled Project, Exterior Closure, Plumbing	3,771,750	265,073	828,825	2,677,852
2015	Paulsboro High School Track Improvements	798,272	44,948	12,159	741,165
2015	Loudenslager Elementary School Basketball Courts	325,000	13,919	8,700	302,381
Total		<u>\$ 8,780,040</u>	<u>\$ 2,715,286</u>	<u>\$ 1,097,243</u>	<u>\$ 4,967,511</u>

Reconciliation to Governmental Funds (GAAP):

Less: Unearned SDA Revenue

(2,775,181)

Fund Balance (Exh. B-1)

\$ 2,192,330

**PAULSBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

Expenditures & Other Financing Uses:	
Purchased Professional Services	\$ 61,749
Construction Services	1,035,118
Miscellaneous	<u>376</u>
 Total Expenditures	 <u>1,097,243</u>
 Excess/(Deficiency) of Revenues Over/(Under) Expenditures	 (1,097,243)
Fund Balance - Beginning	<u>6,064,754</u>
 Fund Balance - Ending	 <u><u>\$ 4,967,511</u></u>

**PAULSBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS TO HIGH SCHOOL GYMNASIUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 243,428	\$ -	\$ 243,428	\$ 243,428
Transfers	98,499	-	98,499	98,499
Total Revenues	341,927	-	341,927	341,927
Expenditures & Other Financing Uses:				
Construction Services	316,993	-	316,993	341,927
Total Expenditures	316,993	-	316,993	341,927
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 24,934	\$ -	\$ 24,934	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4020-050-09-1001
Grant Date	6/30/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 420,000
Additional Authorized Cost	\$ (78,073)
Revised Authorized Cost	\$ 341,927
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	92.71%
Original Target Completion Date	12/31/2011
Revised Target Completion Date	6/30/2012

**PAULSBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
PAULSBORO HIGH SCHOOL HVAC
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 229,643	\$ -	\$ 229,643	\$ 229,643
Transfers	85,000	-	85,000	85,000
Total Revenues	314,643	-	314,643	314,643
Expenditures & Other Financing Uses:				
Construction Services	307,615	-	307,615	314,643
Total Expenditures	307,615	-	307,615	314,643
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 7,028	\$ -	\$ 7,028	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4020-050-10-1001
Grant Date	6/30/2012
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 385,000
Additional Authorized Cost	\$ (70,357)
Revised Authorized Cost	\$ 314,643
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	97.77%
Original Target Completion Date	12/31/2012
Revised Target Completion Date	-

**PAULSBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
LOUDENSLAGER ELEMENTARY SCHOOL - UNBUNDLED PROJECT, EXTERIOR CLOSURE, PLUMBING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ 717,087	\$ -	\$ 717,087	\$ 717,087
State Sources - SDA Grant	1,781,882	-	1,781,882	1,781,882
Total Revenues	2,498,969	-	2,498,969	2,498,969
Expenditures & Other Financing Uses:				
Purchased Professional Services	215,905	1,871	217,776	226,830
Construction Services	1,360,767	-	1,360,767	2,267,307
Miscellaneous	490	132	622	4,832
Total Expenditures	1,577,162	2,003	1,579,165	2,498,969
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 921,807	\$ (2,003)	\$ 919,804	\$ -

ADDITIONAL PROJECT INFORMATION

DOE Project #	4020-070-14-G3GQ
SDA Project #	4020-070-14-1004
Grant Date	6/2/2015
Bond Authorization Date	4/1/2015
Bonds Authorized	\$ 717,087
Bonds Issued	\$ 717,087
Original Authorized Cost	\$ 2,498,969
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 2,498,969
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	63.19%
Original Target Completion Date	12/31/2016
Revised Target Completion Date	-

**PAULSBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
BILLINGSPORT ELEMENTARY SCHOOL - UNBUNDLED PROJECT, EXTERIOR CLOSURE, PLUMBING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ 209,326	\$ -	\$ 209,326	\$ 209,326
State Sources - SDA Grant	520,153	-	520,153	520,153
Total Revenues	729,479	-	729,479	729,479
Expenditures & Other Financing Uses:				
Purchased Professional Services	88,308	13,210	101,518	88,308
Construction Services	101,257	232,224	333,481	639,829
Miscellaneous	11	122	133	1,342
Total Expenditures	189,576	245,556	435,132	729,479
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 539,903	\$ (245,556)	\$ 294,347	\$ -

ADDITIONAL PROJECT INFORMATION

DOE Project #	4020-060-14-1002
SDA Project #	4020-060-14-G3GP
Grant Date	6/2/2015
Bond Authorization Date	4/1/2015
Bonds Authorized	\$ 209,326
Bonds Issued	\$ 209,326
Original Authorized Cost	\$ 729,479
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 729,479
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	59.65%
Original Target Completion Date	12/31/2016
Revised Target Completion Date	-

**PAULSBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
PAULSBORO HIGH SCHOOL - UNBUNDLED PROJECT, EXTERIOR CLOSURE, PLUMBING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ 1,082,315	\$ -	\$ 1,082,315	\$ 1,082,315
State Sources - SDA Grant	2,689,435	-	2,689,435	2,689,435
Total Revenues	3,771,750	-	3,771,750	3,771,750
Expenditures & Other Financing Uses:				
Purchased Professional Services	244,183	25,809	269,992	244,183
Construction Services	20,849	802,894	823,743	3,520,320
Miscellaneous	41	122	163	7,247
Total Expenditures	265,073	828,825	1,093,898	3,771,750
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 3,506,677	\$ (828,825)	\$ 2,677,852	\$ -

ADDITIONAL PROJECT INFORMATION

DOE Project #	4020-050-14-1001
SDA Project #	4020-050-14-G3GO
Grant Date	6/2/2015
Bond Authorization Date	4/1/2015
Bonds Authorized	\$ 1,082,315
Bonds Issued	\$ 1,082,315
Original Authorized Cost	\$ 3,771,750
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 3,771,750
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	29.00%
Original Target Completion Date	12/31/2016
Revised Target Completion Date	-

**PAULSBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RESURFACING EXISTING TENNIS COURTS, RUNNING TRACK, JUMP AREAS, FENCING AND NETTING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ 798,272	\$ -	\$ 798,272	\$ 798,272
Total Revenues	798,272	-	798,272	798,272
Expenditures & Other Financing Uses:				
Purchased Professional Services	44,948	12,159	57,107	63,900
Construction Services	-	-	-	734,372
Total Expenditures	44,948	12,159	57,107	798,272
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 753,324	\$ (12,159)	\$ 741,165	\$ -

ADDITIONAL PROJECT INFORMATION

DOE Project #	4020-050-15-1000
SDA Project #	N/A
Grant Date	6/2/2015
Bond Authorization Date	4/1/2015
Bonds Authorized	\$ 798,272
Bonds Issued	\$ 798,272
Original Authorized Cost	\$ 798,750
Additional Authorized Cost	\$ (478)
Revised Authorized Cost	\$ 798,272
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	7.15%
Original Target Completion Date	12/31/2016
Revised Target Completion Date	-

**PAULSBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
REPAIR AND RESURFACE THE BASKETBALL COURTS, NETS, FENCING, REGARDING, DRAINAGE
DUGOUTS AND GRASSES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ 325,000	\$ -	\$ 325,000	\$ 325,000
Total Revenues	325,000	-	325,000	325,000
Expenditures & Other Financing Uses:				
Purchased Professional Services	13,919	8,700	22,619	26,000
Construction Services	-	-	-	299,000
Total Expenditures	13,919	8,700	22,619	325,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 311,081	\$ (8,700)	\$ 302,381	\$ -

ADDITIONAL PROJECT INFORMATION

DOE Project #	4020-070-15-1000
SDA Project #	N/A
Grant Date	6/2/2015
Bond Authorization Date	4/1/2015
Bonds Authorized	\$ 325,000
Bonds Issued	\$ 325,000
Original Authorized Cost	\$ 325,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 325,000
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	6.96%
Original Target Completion Date	12/31/2016
Revised Target Completion Date	-

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G. Proprietary Funds

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Enterprise Funds

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**PAULSBORO SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>FOOD SERVICE</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 241,928
Accounts Receivable:	
State	447
Federal	39,717
Other	5,916
Interfund Accounts Receivable	306
Inventories	17,984
	306,298
Total Current Assets	
	306,298
Noncurrent assets:	
Furniture, Machinery & Equipment	102,082
Less: Accumulated Depreciation	(93,097)
	8,985
Total Noncurrent Assets	
	8,985
Total Assets	
	315,283
LIABILITIES	
Accounts Payable	139,268
Unearned Revenue	10,169
Long-Term Liabilities:	
Compensated Absences Payable	12,816
	12,816
Total Liabilities	
	162,253
NET POSITION	
Net Investment in Capital Assets	8,985
Unrestricted	144,045
	144,045
Total Net Position	
	\$ 153,030

**PAULSBORO SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2017**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 3,283
Daily Sales - Nonreimbursable Programs	33,931
	37,214
Total Operating Revenues	37,214
Operating Expenses:	
Cost of Sales - Reimbursable Programs	364,012
Cost of Sales - Non-Reimbursable programs	19,071
Salaries	228,468
Employee Benefits	80,078
Supplies & Materials	24,379
Management Fee	38,782
Other Miscellaneous	10,315
Depreciation	836
	765,941
Total Operating Expenses	765,941
Operating Income/(loss)	(728,727)
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	8,025
Federal Sources:	
National School Lunch Program	453,459
National Summer Lunch Program	14,916
National School Lunch HHFKA	8,841
School Breakfast Program	218,069
After School Snacks	6,985
Food Distribution Program	55,809
	766,104
Total Nonoperating Revenues/(Expenses)	766,104
Change in Net Position	37,377
Total Net Position - Beginning	115,653
Total Net Position - Ending	\$ 153,030

**PAULSBORO SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2017**

FOOD
SERVICE

Cash Flows From Operating Activities:		
Receipts from Customers	\$	35,363
Payments to Employees		(228,468)
Payments For Employee Benefits		(81,250)
Payments to Suppliers		(266,569)
		(540,924)
Net Cash Provided/(Used) by Operating Activities		(540,924)
Cash Flows From Noncapital Financing Activities:		
Cash Received from Federal & State Reimbursements		791,353
Interfunds Liquidated		(9,000)
		782,353
Net Cash Provided/(Used) by Noncapital Financing Activities		782,353
Net Increase/(Decrease) in Cash & Cash Equivalents		241,429
Balances - Beginning of Year		499
Balances - End of Year	\$	241,928

Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:

Operating Income/(Loss)	\$	(728,727)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Depreciation		836
Food Distribution Program		55,809
Changes in Assets & Liabilities:		
(Increase)/Decrease in Inventory		(3,150)
Increase/(Decrease) in Accounts Payable		137,331
(Increase)/Decrease in Accounts Receivable		(5,916)
Increase/(Decrease) in Unearned Revenue		4,065
Increase/(Decrease) in Compensated Absences Payable		(1,172)
		187,803
Total Adjustments		187,803
Net Cash Provided/(Used) by Operating Activities	\$	(540,924)

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H. Fiduciary Fund

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**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE	AGENCY		TOTAL
	<u>SCHOLARSHIP</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	
Cash & Cash Equivalents	\$ 123,550	\$ 76,602	\$ 194,809	\$ 394,961
Interfund Receivable	250	-	-	250
Total Assets	<u>123,800</u>	<u>76,602</u>	<u>194,809</u>	<u>395,211</u>
LIABILITIES				
Payroll Deductions & Withholdings	-	-	194,809	194,809
Due to Student Groups	-	76,046	-	76,046
Interfund Payable	-	556	-	556
Total Liabilities	<u>-</u>	<u>76,602</u>	<u>194,809</u>	<u>271,411</u>
NET POSITION				
Held in Trust for Scholarships	<u>123,800</u>	-	-	<u>123,800</u>
Total Net Position	<u>\$ 123,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,800</u>

**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>PRIVATE PURPOSE SCHOLARSHIP FUND</u>
ADDITIONS	
Contributions:	
Other	\$ 36,576
Total Contributions	<u>36,576</u>
Investment Earnings:	
Interest	<u>239</u>
Net Investment Earnings	<u>239</u>
Total Additions	<u>36,815</u>
DEDUCTIONS	
Scholarship Payments	<u>50,615</u>
Total Deductions	<u>50,615</u>
Change in Net Position	(13,800)
Net Position - Beginning of the Year	<u>137,600</u>
Net Position - End of the Year	<u><u>\$ 123,800</u></u>

**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, <u>2016</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2017</u>
Elementary Schools:				
Billingsport	\$ 8,111	\$ 2,123	\$ 2,992	\$ 7,242
Loudenslager	2,810	3,282	2,451	3,641
Total Elementary Schools	10,921	5,405	5,443	10,883
High School:				
General	60,558	101,643	96,482	65,719
Athletics	5,822	71,601	77,423	-
Total High School	66,380	173,244	173,905	65,719
Total Student Activity	\$ 77,301	\$ 178,649	\$ 179,348	\$ 76,602

**SCHEDULE OF PAYROLL AGENCY RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, <u>2016</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2017</u>
Cash & Cash Equivalents	\$ 187,514	\$ 16,841,941	\$ 16,834,646	\$ 194,809
Total Assets	\$ 187,514	\$ 16,841,941	\$ 16,834,646	\$ 194,809
LIABILITIES				
Payroll Deductions & Withholdings	\$ 178,968	\$ 9,482,963	\$ 9,467,122	\$ 194,809
Employees Net Payroll	-	7,358,978	7,358,978	-
Interfund Payable	8,546	-	8,546	-
Total Liabilities	\$ 187,514	\$ 16,841,941	\$ 16,834,646	\$ 194,809

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I. Long-Term Debt

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**PAULSBORO SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2017**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2016</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2017</u>
General Obligation Bonds	04/01/2015	\$ 3,132,000	4/1/2018	115,000	3.00%	\$ 3,022,000	\$ -	\$ 110,000	\$ 2,912,000
			4/1/2019	115,000	3.00%				
			4/1/2020	125,000	3.00%				
			4/1/2021	125,000	3.00%				
			4/1/2022	135,000	3.00%				
			4/1/2023	140,000	3.00%				
			4/1/2024	145,000	3.00%				
			4/1/2025	150,000	3.00%				
			4/1/2026	155,000	3.00%				
			4/1/2027	165,000	3.00%				
			4/1/2028	170,000	3.00%				
			4/1/2029	180,000	3.00%				
			4/1/2030	180,000	3.00%				
			4/1/2031	190,000	3.25%				
			4/1/2032	195,000	3.25%				
			4/1/2033	205,000	3.25%				
			4/1/2034	210,000	3.50%				
			4/1/2035	212,000	3.50%				
						\$ 3,022,000	\$ -	\$ 110,000	\$ 2,912,000

**PAULSBORO SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2016</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2017</u>
2 School Buses - 24 Passenger	10/9/2015	5 years	\$ 106,098	2.34%	\$ 89,598	\$ -	\$ 21,628	\$ 67,970
Technology Equipment	9/2/2016	4 years	462,369	1.47%	-	462,369	117,746	344,623
2 School Buses - 54 Passenger	9/2/2016	5 years	199,768	1.56%		199,768	16,257	183,511
					<u>\$ 89,598</u>	<u>\$ 662,137</u>	<u>\$ 155,631</u>	<u>\$ 596,104</u>

**PAULSBORO SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 202,511	\$ -	\$ 202,511	\$ 202,511	\$ -
Miscellaneous	-	-	-	2,993	2,993
Total Revenues	202,511	-	202,511	205,504	2,993
Expenditures:					
Regular Debt Service:					
Interest	94,245	-	94,245	94,245	-
Principal	110,000	-	110,000	110,000	-
Total Expenditures	204,245	-	204,245	204,245	-
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(1,734)	-	(1,734)	1,259	2,993
Fund Balance, July 1	7,323	-	7,323	7,323	-
Fund Balance, June 30	\$ 5,589	\$ -	\$ 5,589	\$ 8,582	\$ 2,993

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

Note that the Exhibits are presented for the last ten fiscal years.

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PAULSBORO SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	\$ 5,392,191	\$ 4,333,068	\$ 2,302,241	\$ 5,290,964	\$ 5,253,341	\$ 5,695,960	\$ 5,522,026	\$ 5,233,039	\$ 5,255,074	\$ 5,449,923
Restricted	2,455,511	2,777,753	3,213,715	639,243	195,093	89,965	32,235	2,329,313	1,409,742	1,557,504
Unrestricted	(6,047,910)	(4,795,265)	(4,852,931)	(18,864)	246,981	634,785	815,668	(1,698,969)	(1,629,233)	(1,079,068)
Total Governmental Activities	\$ 1,799,792	\$ 2,315,556	\$ 663,025	\$ 5,911,343	\$ 5,695,415	\$ 6,420,710	\$ 6,369,929	\$ 5,863,383	\$ 5,035,583	\$ 5,928,359
Business-Type Activities:										
Net Investment in Capital Assets	\$ 8,985	\$ 9,821	\$ 5,234	\$ 7,464	\$ 15,955	\$ 17,515	\$ 25,441	\$ 33,936	\$ 9,624	\$ 12,933
Unrestricted	144,045	105,832	78,339	(2,390)	96,785	96,583	143,129	72,562	(89,968)	(239,028)
Total Business-Type Activities	\$ 153,030	\$ 115,653	\$ 83,573	\$ 5,074	\$ 112,740	\$ 114,098	\$ 168,570	\$ 106,498	\$ (80,344)	\$ (226,095)
Government-Wide:										
Net Investment in Capital Assets	\$ 5,401,176	\$ 4,342,889	\$ 2,307,475	\$ 5,298,428	\$ 5,269,296	\$ 5,713,475	\$ 5,547,467	\$ 5,266,975	\$ 5,264,698	\$ 5,462,856
Restricted	2,455,511	2,777,753	3,213,715	201,955	195,093	89,965	32,235	2,329,313	1,409,742	1,557,504
Unrestricted	(5,903,865)	(4,689,433)	(4,774,592)	416,034	343,766	731,368	958,797	(1,626,407)	(1,719,201)	(1,318,096)
Total District Net Position	\$ 1,952,822	\$ 2,431,209	\$ 746,598	\$ 5,916,417	\$ 5,808,155	\$ 6,534,808	\$ 6,538,499	\$ 5,969,881	\$ 4,955,239	\$ 5,702,264

PAULSBORO SCHOOL DISTRICT
 CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
 LAST NINE FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 5,648,527	\$ 6,058,930	\$ 5,864,909	\$ 5,348,121	\$ 5,034,386	\$ 5,205,071	\$ 4,763,317	\$ 5,268,425	\$ 7,217,984	\$ 6,718,833
Special Education	3,247,102	3,159,325	3,049,687	3,143,366	2,868,367	3,063,340	3,111,445	3,627,921	1,457,620	1,494,270
Other Special Instruction	-	7,522	83,466	579,314	574,828	583,035	575,042	243,456	249,942	352,029
Other Instruction	565,651	541,434	531,998	485,817	480,130	454,721	457,148	478,573	424,739	436,374
Support Services & Undistributed Costs:										
Tuition	2,717,272	1,843,059	1,525,656	1,669,618	1,834,598	1,727,154	1,664,571	1,427,257	1,732,517	2,036,724
Attendance & Social Work Services	73,028	72,648	69,198	71,426	67,723					
Health Services	262,492	208,939	200,158	192,288	173,335	7,486,822	6,914,061	7,107,983	6,804,807	6,648,721
Other Support Services	1,109,951	994,546	1,070,026	1,034,322	1,130,267	888,305	901,402	867,692	932,919	1,036,648
Improvement of Instructional Services	365,359	246,562	314,271	384,487	252,906					
Educational Media Services	372,783	345,339	299,784	349,939	368,466	721,692	722,951	662,666	694,277	790,737
Instructional Staff Training Services	28,192	30,339	25,524	32,050	36,780	1,506,238	1,443,238	1,467,734	1,570,277	1,755,357
General Administration	409,890	451,708	437,673	380,548	402,263	568,229	514,984	541,498	524,958	653,828
School Administration	953,041	925,178	912,215	868,322	864,657	16,382	-	-	-	-
Central Services	262,821	247,573	236,181	232,388	239,882	-	-	-	-	-
Administrative Information Technology	68,743	73,473	102,135	105,689	96,763	31,854	42,310	52,798	62,871	72,177
Plant Operations & Maintenance	1,393,830	1,609,360	1,545,376	1,447,747	1,519,474	430,263	410,167	395,963	694,070	350,000
Pupil Transportation	849,518	678,201	743,131	602,489	557,207	-	-	-	-	-
Transfer to Charter Schools	-	-	-	18,365	-	-	-	-	-	-
Unallocated Benefits	6,767,235	8,068,790	8,058,016	5,590,178	6,089,312	-	-	-	-	-
Interest on Long-Term Debt	102,702	99,550	27,734	18,580	21,399	-	-	-	-	-
Unallocated Adjustment to Compensated Absences	-	31,242	29,261	(86,990)	16,334	-	-	-	-	-
Unallocated Depreciation	496,048	518,503	362,438	342,411	974,617	-	-	-	-	-
Adjustment to Capital Assets	-	-	(28,640)	92,282	(6,383)	-	-	-	-	-
Total Governmental Activities Expenses	25,694,185	26,212,221	25,460,197	22,884,392	23,615,676	22,683,106	21,520,636	22,141,966	22,366,981	22,345,698
Business-Type Activities:										
Food Service	765,941	756,712	714,814	754,692	678,722	653,091	626,024	609,213	685,131	805,196
Total Business-Type Activities Expense	765,941	756,712	714,814	754,692	678,722	653,091	626,024	609,213	685,131	805,196
Total District Expenses	\$ 26,460,126	\$ 26,968,933	\$ 26,175,011	\$ 23,639,084	\$ 24,294,398	\$ 23,336,197	\$ 22,146,660	\$ 22,751,179	\$ 23,052,112	\$ 23,150,894
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 4,352,068	\$ 6,667,295	\$ 5,835,066	\$ 3,490,926	\$ 3,637,019	\$ 1,817,188	\$ 1,958,327	\$ 2,528,338	\$ 2,452,753	\$ 3,923,997
Total Governmental Activities Program Revenues	4,352,068	6,667,295	5,835,066	3,490,926	3,637,019	1,817,188	1,958,327	2,528,338	2,452,753	3,923,997

PAULSBORO SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
Business-Type Activities:										
Charges for Services:										
Food Service	37,214	29,850	24,624	62,328	71,973	71,266	83,878	86,321	115,495	123,064
Operating Grants & Contributions	766,104	758,942	768,689	584,698	535,391	527,353	454,218	507,734	513,387	482,966
Total Business Type Activities	803,318	788,792	793,313	647,026	607,364	598,619	538,096	594,055	628,882	606,030
Program Revenues										
Total District Program Revenues	\$ 5,155,386	\$ 7,456,087	\$ 6,628,379	\$ 4,137,952	\$ 4,244,383	\$ 2,415,807	\$ 2,496,423	\$ 3,122,393	\$ 3,081,635	\$ 4,530,027
Net (Expense)/Revenue:										
Governmental Activities	\$ (21,342,117)	\$ (19,544,926)	\$ (19,625,131)	\$ (19,393,466)	\$ (19,978,657)	\$ (20,865,918)	\$ (19,562,309)	\$ (19,613,628)	\$ (19,914,228)	\$ (18,421,701)
Business-Type Activities	37,377	32,080	78,499	(107,666)	(71,358)	(54,472)	(87,928)	(15,158)	(56,249)	(199,166)
Total Government-Wide Net Expense	\$ (21,304,740)	\$ (19,512,846)	\$ (19,546,632)	\$ (19,501,132)	\$ (20,050,015)	\$ (20,920,390)	\$ (19,650,237)	\$ (19,628,786)	\$ (19,970,477)	\$ (18,620,867)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 5,705,866	\$ 5,593,986	\$ 5,484,300	\$ 5,376,765	\$ 5,135,064	\$ 4,801,099	\$ 4,706,960	\$ 4,858,863	\$ 4,671,984	\$ 4,492,292
Taxes Levied for Debt Service	202,511	196,165	118,292	143,066	150,644	155,803	160,965	138,099	140,089	145,608
Unrestricted Grants & Contributions	13,282,219	13,561,677	12,313,914	12,059,005	12,165,061	14,186,496	13,524,139	14,342,786	13,062,177	10,338,984
Tuition	1,326,895	1,562,693	1,496,167	1,566,297	1,613,147	1,762,911	1,710,901	1,330,571	1,237,204	1,240,012
Miscellaneous Income	308,862	282,936	500,805	371,979	259,446	103,918	126,291	39,548	54,455	217,839
Transfers	-	-	-	-	(70,000)	-	(150,000)	(202,000)	(202,000)	(90,237)
Unallocated Adjustment to Compensated Absences	-	-	-	-	-	58,287	(10,401)	(66,439)	57,543	(27,066)
Cancellation of Account Receivable	-	-	-	-	-	(151,815)	-	-	-	-
Insurance Recovery Related to Impaired Capital Asset	-	-	-	92,282	-	-	-	-	-	-
Total Governmental Activities	20,826,353	21,197,457	19,913,478	19,609,394	19,253,362	20,916,699	20,068,855	20,441,428	19,021,452	16,317,432
Business-Type Activities:										
Transfers	-	-	-	-	70,000	-	150,000	202,000	202,000	80,061
Total Business-Type Activities	-	-	-	-	70,000	-	150,000	202,000	202,000	80,061
Total Government-Wide	\$ 20,826,353	\$ 21,197,457	\$ 19,913,478	\$ 19,609,394	\$ 19,323,362	\$ 20,916,699	\$ 20,218,855	\$ 20,643,428	\$ 19,223,452	\$ 16,397,493
Change in Net Position:										
Governmental Activities	\$ (515,764)	\$ 1,652,531	\$ 288,347	\$ 215,928	\$ (725,295)	\$ 50,781	\$ 506,546	\$ 827,800	\$ (892,776)	\$ (2,104,269)
Business-Type Activities	37,377	32,080	78,499	(107,666)	(1,358)	(54,472)	62,072	186,842	145,751	(119,105)
Total District	\$ (478,387)	\$ 1,684,611	\$ 366,846	\$ 108,262	\$ (726,653)	\$ (3,691)	\$ 568,618	\$ 1,014,642	\$ (747,025)	\$ (2,223,374)

**PAULSBORO SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 254,599	\$ 272,979	\$ 121,823	\$ 176,509	\$ 173,066	\$ 100,000	\$ 45,754	\$ 2,346,318	\$ 1,430,301	\$ 1,581,473
Assigned	1,842,073	1,752,539	1,649,640	1,335,222	1,239,083	1,590,172	1,463,127	-	-	-
Unassigned	(986,695)	-	-	-	15,181	-	-	(1,033,970)	(672,017)	(4,957)
Total General Fund	\$ 1,109,977	\$ 2,025,518	\$ 1,771,463	\$ 1,511,731	\$ 1,427,330	\$ 1,690,172	\$ 1,508,881	\$ 1,312,348	\$ 758,284	\$ 1,576,516
All Other Governmental Funds:										
Committed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 206,205	\$ -	\$ -	\$ -
Restricted, Reported in:										
Special Revenue Fund	(17,917)	(17,917)	(17,917)	(11,685)	(15,180)	(8,195)	-	-	-	(59,352)
Capital Projects Fund	2,192,330	2,522,061	3,108,853	28,577	28,577	28,575	180,392	358,656	-	-
Debt Service Fund	8,582	7,323	1,735	2	2	-	3	2	-	-
Total All Other Governmental Funds	\$ 2,182,995	\$ 2,511,467	\$ 3,092,671	\$ 16,894	\$ 13,399	\$ 20,382	\$ 386,600	\$ 358,658	\$ -	\$ (59,352)

**PAULSBORO SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax Levy	\$ 5,908,377	\$ 5,790,151	\$ 5,602,592	\$ 5,519,831	\$ 5,285,708	\$ 4,956,902	\$ 4,867,925	\$ 4,996,962	\$ 4,812,073	\$ 4,637,900
Tuition Charges	1,326,895	1,562,693	1,496,167	1,566,297	1,613,147	1,762,911	1,710,901	1,330,571	1,237,204	1,240,012
Transportation Fees	-	-	-	-	3,330	-	-	-	-	-
Miscellaneous	270,497	768,046	501,712	371,979	256,116	349,509	141,419	64,764	291,839	453,537
State Sources	15,938,942	15,987,493	14,544,749	14,215,136	14,357,076	13,873,198	13,757,771	12,607,611	13,438,865	12,315,098
Federal Sources	1,733,710	1,829,312	1,378,426	1,334,795	1,445,004	1,884,895	1,709,567	4,238,297	1,838,681	1,712,185
Total Revenue	25,178,421	25,937,695	23,523,646	23,008,038	22,960,381	22,827,415	22,187,583	23,238,205	21,618,662	20,358,732
Expenditures:										
Instruction:										
Regular Instruction	5,648,527	6,058,930	5,864,909	5,348,121	5,034,386	5,205,071	4,763,317	5,268,425	7,217,984	6,718,833
Special Education Instruction	3,247,102	3,159,325	3,049,687	3,143,366	2,868,367	3,063,340	3,111,445	3,627,921	1,457,620	1,494,270
Other Special Instruction	-	7,522	83,466	579,314	574,828	583,035	575,042	243,456	249,942	352,029
Other Instruction	565,651	541,434	531,998	485,817	480,130	454,721	457,148	478,573	424,739	436,374
Support Services:										
Tuition	2,717,272	1,843,059	1,525,656	1,669,618	1,834,598	1,727,154	1,664,571	1,427,257	1,732,517	2,036,724
Attendance & Social Work Services	73,028	72,648	69,198	71,426	67,723	74,862,822	6,914,061	7,107,983	6,804,807	6,648,721
Health Services	262,492	208,939	200,158	192,288	173,335	888,305	901,402	867,692	932,919	1,036,648
Other Support Services	1,109,951	994,546	1,070,026	1,034,322	1,130,267	721,692	722,951	662,666	694,277	790,737
Improvement of Instructional Services	365,359	246,562	314,271	384,487	252,906	252,906	222,951	662,666	694,277	790,737
Educational Media Services	372,783	345,339	299,784	349,939	368,466	1,523,894	1,437,167	1,467,734	1,564,256	1,755,357
Instructional Staff Training Services	28,192	30,339	25,524	32,050	36,780	568,229	514,984	541,498	524,958	653,828
General Administration	409,890	451,708	437,673	380,548	402,263	-	-	-	-	-
School Administration	953,041	925,178	912,215	868,322	864,657	-	-	-	-	-
Central Services	262,821	236,181	232,388	232,388	239,882	-	-	-	-	-
Administrative Information Technology	68,743	73,473	102,135	105,689	96,763	-	-	-	-	-
Plant Operations & Maintenance	1,393,830	1,609,360	1,545,376	1,447,747	1,514,629	-	-	-	-	-
Pupil Transportation	849,518	678,201	743,131	602,489	557,207	-	-	-	-	-
Unallocated Benefits	6,434,487	6,127,742	5,819,504	5,590,178	6,089,312	-	-	-	-	-
Capital Outlay	1,951,677	2,552,899	249,545	204,417	250,090	306,171	424,855	88,558	224,872	373,693
Debt Service:										
Principal	265,631	110,000	235,000	275,370	280,370	280,370	280,370	285,370	280,370	285,370
Interest & Other Charges	104,576	86,165	4,700	14,528	24,884	35,339	45,795	56,350	66,281	74,936
Total Expenditures	27,084,571	26,370,942	23,320,137	23,012,424	23,141,843	22,844,143	21,813,108	22,123,483	22,175,542	22,657,520
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,906,150)	(433,247)	203,509	(4,386)	(181,462)	(16,728)	374,475	1,114,722	(556,880)	(2,298,788)
Other Financing Sources/(Uses):										
Transfers to Charter Schools	-	-	-	-	(18,365)	(16,382)	-	-	-	-
Cancellation of Prior Year Receivable	-	-	-	-	(70,000)	(151,815)	(150,000)	(202,000)	(202,000)	(90,237)
Transfers Out	-	-	-	-	-	-	-	-	-	-
Insurance Recovery Related to Impaired Capital Asset	-	-	-	92,282	-	-	-	-	-	-
Bond Proceeds	-	-	3,132,000	-	-	-	-	-	-	-
Capital Lease Proceeds	662,137	106,098	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	662,137	106,098	3,132,000	92,282	(88,365)	(168,197)	(150,000)	(202,000)	(202,000)	(90,237)
Net Change in Fund Balances	\$ (1,244,013)	\$ (327,149)	\$ 3,335,509	\$ 87,896	\$ (269,827)	\$ (184,925)	\$ 224,475	\$ 912,722	\$ (758,880)	\$ (2,389,025)
Debt Service as a Percentage of Noncapital Expenditures	1.5%	0.8%	1.0%	1.3%	1.3%	1.4%	1.5%	1.6%	1.6%	1.6%

Source: District records
Note: Noncapital expenditures are total expenditures less capital outlay

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDING JUNE 30.	INTEREST ON INVESTMENTS	REFUNDS	STUDENT ACTIVITY FEES	TRANSPORTATION FEES	TUITION	MISCELLANEOUS	TOTAL
2017	\$ 4,867	\$ 1,587	\$ 27,827	-	\$ 1,326,895	\$ 152,884	\$ 1,514,060
2016	6,951	18,764	27,345	-	1,562,693	224,288	1,840,041
2015	10,753	57,503	32,524	-	1,496,167	46,257	1,643,204
2014	9,441	34,864	15,267	-	1,566,297	31,893	1,657,762
2013	13,538	12,756	28,058	3,330	1,613,147	2,589	1,673,418
2012	30,262	-	-	-	1,710,901	111,157	1,852,320
2011	28,425	-	-	-	1,330,571	36,339	1,395,335
2010	31,981	-	-	-	1,237,204	259,858	1,529,043
2009	141,717	-	-	-	1,240,012	311,820	1,693,549
2008	302,494	-	-	-	1,035,186	139,343	1,477,023

Source: District records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**PAULSBORO SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

CALENDAR YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2017	\$ 5,042,500	\$ 205,022,200	\$ 14,500	\$ 27,239,100	\$ 113,205,300	\$ 8,404,400	\$ 358,928,000	\$ -	\$ 358,928,000	1.705	\$ 372,326,549
2016	4,921,000	205,603,800	14,100	27,709,800	113,205,300	8,404,400	359,858,400	1,438,112	361,296,512	1.576	361,296,512
2015	3,988,500	205,881,500	19,300	27,467,300	115,355,300	8,404,400	361,116,300	1,465,264	362,581,564	1.571	387,272,513
2014	4,329,400	223,713,100	19,300	30,984,100	127,402,300	8,367,700	394,815,900	1,417,859	396,233,759	1.294	409,133,443
*2013	4,774,900	225,189,900	18,800	31,971,100	128,484,600	8,453,500	398,892,800	1,622,710	400,515,510	1.310	446,122,607
2012	3,183,800	141,684,900	19,000	49,472,600	47,463,800	5,894,500	247,718,600	1,140,017	248,858,617	2.120	450,989,485
2011	3,301,000	141,909,600	19,000	49,918,600	48,309,232	5,894,500	249,351,932	1,063,294	250,415,226	1.960	495,092,817
2010	3,555,500	141,840,200	19,000	35,368,100	50,723,400	6,867,500	238,373,700	1,114,797	239,488,497	2.060	467,139,776
2009	3,630,000	141,247,200	19,000	30,963,100	64,690,355	6,767,500	247,317,155	1,161,376	248,478,531	1.970	452,372,213
2008	2,953,400	141,034,600	19,000	58,006,000	39,098,600	6,867,500	247,979,100	1,323,857	249,302,957	1.900	446,699,489

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

Reassessment occurs when ordered by the County Board of Taxation

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

b. Tax rates are per \$100

* Reassessment

Source: Tax Duplicate, Borough of Paulsboro & Abstract of Ratables

**PAULSBORO SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

CALENDAR YEAR ENDED <u>DECEMBER 31,</u>	SCHOOL DISTRICT DIRECT RATE		OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING <u>TAX RATE</u>
	LOCAL SCHOOL	TOTAL DIRECT	PAULSBORO BOROUGH	LOCAL LIBRARY	GLOUCESTER COUNTY	COUNTY OPEN SPACE		
2017	1.705	1.705	1.383	0.034	0.661	0.042	3.825	
2016	1.576	1.576	1.354	0.034	0.638	0.042	3.644	
2015	1.571	1.571	1.315	0.035	0.657	0.045	3.623	
2014	1.294	1.294	1.294	0.034	0.594	0.042	3.258	
*2013	1.310	1.310	1.272	0.04	0.628	0.046	3.293	
2012	2.120	2.120	1.970	-	0.920	0.070	5.080	
2011	1.960	1.960	2.035	-	1.016	0.082	5.093	
2010	2.060	2.060	2.010	-	0.980	0.080	5.130	
2009	1.970	1.970	2.240	-	0.570	0.060	4.840	
2008	1.900	1.900	1.860	-	0.920	0.070	4.750	

* Reassessment

Source: Municipal Tax Collector

**PAULSBORO SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2017		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Axeon Refining, LLC	\$ 38,500,000	1	10.73%
Plains Products Terminal, LLC	38,333,400	2	10.68%
Mobil Oil Corporation	30,612,600	3	8.53%
Paulsboro Gardens & Reilly Mtg Grp	4,500,000	4	1.25%
C/O WAWA Senior Book - Corp Acct	2,007,700	5	0.56%
Sunoco, Inc. C/O KE Andrews & Co.	1,880,100	6	0.52%
Dependable Management, LLC	1,500,000	7	0.42%
J&A Properties of NJ, LLC	1,490,000	8	0.42%
Verizon NJ C/O Duff & Phelps	1,438,112	9	0.40%
AV Paulsboro LLC C/P PD Management	1,409,200	10	0.39%
Total	<u>\$ 121,671,112</u>		<u>33.51%</u>

2008		
TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

NOT AVAILABLE

Source: Municipal Tax Assessor

**PAULSBORO SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED <u>JUNE 30.</u>	TAXES LEVIED FOR THE FISCAL <u>YEAR</u>	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT <u>YEARS</u>
		<u>AMOUNT</u>	<u>PERCENTAGE OF LEVY</u>	
2017	\$ 6,117,249	\$ 6,117,249	100.00%	-
2016	5,696,372	5,696,372	100.00%	-
2015	5,696,372	5,696,372	100.00%	-
2014	5,561,211	5,561,211	100.00%	-
2013	5,246,100	5,246,100	100.00%	-
2012	5,277,976	5,277,976	100.00%	-
2011	4,914,995	4,914,995	100.00%	-
2010	4,996,968	4,996,968	100.00%	-
2009	4,812,073	4,812,073	100.00%	-
2008	4,637,900	4,637,900	100.00%	-

Source: School District Records.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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**PAULSBORO SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30.	GOVERNMENTAL ACTIVITIES				BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT
	GENERAL OBLIGATION BONDS	LOANS PAYABLE	CAPITAL LEASES	ANTICIPATION NOTES (BANs)	CAPITAL LEASES	
2017	\$ 2,912,000	\$ -	\$ 596,104	\$ -	\$ -	\$ 3,508,104
2016	3,022,000	-	89,598	-	-	3,111,598
2015	3,132,000	-	-	-	-	3,132,000
2014	235,000	-	-	-	-	235,000
2013	480,000	30,370	-	-	-	510,370
2012	790,740	-	-	-	-	790,740
2011	1,071,110	-	-	-	-	1,071,110
2010	1,351,480	-	-	-	-	1,351,480
2009	1,636,850	-	-	-	-	1,636,850
2008	1,917,220	-	-	-	-	1,917,220

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

**PAULSBORO SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30.	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$ 2,912,000	\$ -	\$ 2,912,000	0.81%	N/A
2016	3,022,000	-	3,022,000	0.84%	N/A
2015	3,132,000	-	3,132,000	0.87%	522.96
2014	235,000	-	235,000	0.06%	39.10
2013	480,000	-	480,000	0.12%	79.73
2012	790,740	-	790,740	0.20%	130.81
2011	1,071,110	-	1,071,110	0.43%	176.40
2010	1,351,480	-	1,351,480	0.54%	221.74
2009	1,636,850	-	1,636,850	0.68%	268.82
2008	1,917,220	-	1,917,220	0.77%	314.76

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016**

GOVERNMENTAL UNIT	NET DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Paulsboro	\$ 6,402,155	100.00%	\$ 6,402,155
County of Gloucester General Obligation Debt	232,030,572	1.42%	<u>3,306,197</u>
Subtotal, Overlapping Debt			9,708,352
Paulsboro School District Direct Debt			<u>2,912,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 12,620,352</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Paulsboro or Gloucester County Board of Taxation.

PAULSBORO SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 14,983,610	\$ 15,453,720	\$ 16,409,873	\$ 17,282,194	\$ 18,083,203	\$ 18,377,158	\$ 18,842,344	\$ 17,695,688	\$ 15,560,458	\$ 13,740,872
Total Net Debt Applicable to Limit	3,508,104	3,111,598	3,132,000	235,000	480,000	790,740	1,071,110	1,351,480	1,636,850	1,917,220
Legal Debt Margin	\$ 11,475,506	\$ 12,342,122	\$ 13,277,873	\$ 17,047,194	\$ 17,603,203	\$ 17,586,418	\$ 17,771,234	\$ 16,344,208	\$ 13,923,608	\$ 11,823,652
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.41%	20.13%	19.09%	1.36%	2.65%	4.30%	5.68%	7.64%	10.52%	13.95%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	\$ 372,524,224
2015	368,598,857
2014	382,647,703
	<u>\$ 1,123,770,784</u>
Average Equalized Valuation of Taxable Property	<u>\$ 374,590,261</u>
Debt Limit (4 % of Average Equalization Value)	\$ 14,983,610
Net Bonded School Debt	<u>3,508,104</u>
Legal Debt Margin	<u>\$ 11,475,506</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

a Limit set by NISA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School Districts operate and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**PAULSBORO SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>YEAR</u>	<u>POPULATION (a)</u>	<u>PERSONAL INCOME (b)</u>	<u>PER CAPITA PERSONAL INCOME (c)</u>	<u>UNEMPLOYMENT RATE (d)</u>
2017	N/A	N/A	N/A	N/A
2016	5,958	N/A	N/A	8.60%
2015	5,989	292,257,211	48,799	9.80%
2014	6,010	280,084,030	46,603	11.30%
2013	6,020	270,966,220	45,011	15.50%
2012	6,045	268,349,640	44,392	23.00%
2011	6,072	262,522,920	43,235	22.50%
2010	6,095	253,015,640	41,512	23.10%
2009	6,089	249,594,199	40,991	15.50%
2008	6,091	251,594,846	41,306	15.50%

Source:

(a) Population information provided by US Bureau of the Census; Population Division

(b) Personal income calculated using population and per capita personal income

(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

N/A - Information not available.

EXHIBIT J-15 NOT AVAILABLE

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Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations

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**PAULSBORO SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2017	2016	2015	2014	2013	2012	2011	2010
School Staff Members *	167.0	160.0	156.0	161.0	166.0	159.0	144.0	142.0
Technology	3.0	3.0	2.0	2.0	2.0	3.0	2.0	3.0
School Administration	16.0	16.0	18.0	18.0	16.0	17.0	18.0	18.0
Business Administrators Office	3.6	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Superintendents Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations & Maintenance	18.0	17.0	17.0	16.0	19.0	19.0	20.0	20.0
Transportation	6.0	6.0	4.0	5.0	5.0	6.0	6.0	5.0
Food Services	4.0	4.0	4.0	9.0	11.0	12.0	12.0	12.0
Total	219.6	211.0	206.0	216.0	224.0	221.0	207.0	205.0

Source: School Districts Human Resource Software SPINFO.

* Includes Teachers, Aides, Librarians, Child Study Team, Nurse, Speech Therapist

PAULSBORO SCHOOL DISTRICT
OPERATING STATISTICS
LAST FIVE FISCAL YEARS

FISCAL YEAR	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
						ELEMENTARY	MIDDLE SCHOOL	SENIOR HIGH SCHOOL				
2017	1,129	\$ 24,762,687	\$ 21,933	-6.60%	117	12	7	9	1,129	1,045	-1.31%	92.56%
2016	1,158	23,621,878	23,483	15.90%	117	12	7	9	1,144	1,067	8.42%	93.27%
2015	1,160	22,830,892	20,261	12.99%	116	12	15	8	1,162	1,078	0.00%	92.77%
2014	1,166	22,518,109	17,931	4.01%	116	12	15	8	1,164	1,080	-11.53%	92.78%
2013	1,170	22,586,499	17,240	4.30%	116	12	15	8	1,162	1,075	-3.49%	92.51%

Sources: District records

Note: Enrollment based on annual October district count of prior fiscal year

- a. Operating expenditures equal total governmental 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)

**PAULSBORO SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
Billingsport (1923):										
Square Feet	39,863	39,863	39,863	39,863	39,863	39,863	39,863	39,863	39,863	39,863
Capacity (Students)	390	390	390	390	390	390	390	390	390	390
Enrollment	343	369	330	333	334	347	358	353	367	367
Loudenslager (1926):										
Square Feet	39,244	39,244	39,244	39,244	39,244	39,244	39,244	39,244	39,244	39,244
Capacity (Students)	367	367	367	367	367	367	367	367	367	367
Enrollment (a)	270	282	305	315	315	322	302	327	331	331
Jr. High School:										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	180	149	150	N/A	N/A	N/A	N/A	N/A	N/A	N/A
High School:										
Paulsboro H. S. (1916):										
Square Feet	140,863	140,863	140,863	140,863	140,863	140,863	140,863	140,863	140,863	140,863
Capacity (Students)	717	717	717	717	717	717	717	717	717	717
Enrollment	336	323	366	510	509	547	574	621	701	701
Other Buildings:										
Central Administration (1920):										
Square Feet	7,551	7,551	7,551	7,551	7,551	7,551	7,551	7,551	7,551	7,551
Number of Buildings at June 30, 2017:										
Elementary = 2										
High School = 1										
Junior High School = 1										
Other = 1										

Source: District Facilities Office, Long Range Facility Plan - FES and District Capacity report.

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

*	PAULSBORO HIGH SCHOOL	BILLINGSPOINT ELEMENTARY SCHOOL	LOUDENSLAGER ELEMENTARY SCHOOL	TOTAL
2017	\$ 159,793	\$ 35,021	\$ 39,636	\$ 234,450
2016	153,631	41,714	82,998	278,343
2015	173,753	41,484	68,345	283,582
2014	145,462	36,712	40,266	222,440
2013	143,733	87,883	61,277	292,893
2012	193,144	50,610	55,626	299,380
2011	163,381	57,730	44,156	265,267
2010	156,620	45,886	42,603	245,109
2009	149,364	86,586	80,489	316,439
2008	173,221	47,078	96,140	316,439

* 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

**PAULSBORO SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017**

	COVERAGE	DEDUCTIBLE
School Package Policy (1):		
Building & Contents (All Locations)	\$ 51,813,952	\$ 2,500
Boiler & Machinery	100,000,000	2,500
General Liability	5,000,000	-
Automobile Liability	5,000,000	-
School Board Legal Liability	5,000,000	5,000
Workers' Compensation Including Supplemental	5,000,000	-
Excess Liability	15,000,000	-
Student Accident Insurance (2)	1,000,000	-
 Surety Bonds (3)		
Treasurer	215,000	N/A
Board Secretary	215,000	N/A

(1) School Alliance Insurance Fund (SAIF).

(2) National Union Fire Insurance Company of Pittsburgh, PA through The Maxsin Group, Pennsauken, NJ.

(3) Selective Insurance Company of America

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

INDEPENDENT AUDITOR'S 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

Honorable President and Members
of the Board of Education
Paulsboro School District
County of Gloucester
Paulsboro, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Paulsboro School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Paulsboro School District's basic financial statements, and have issued our report thereon dated December 2, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Paulsboro School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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, we do not express an opinion on the effectiveness of the Paulsboro 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

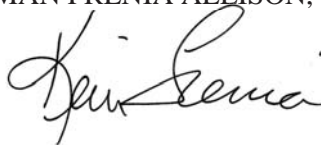
As part of obtaining reasonable assurance about whether the Paulsboro School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.



Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
December 2, 2017



EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Paulsboro School District
County of Gloucester
Paulsboro, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Paulsboro School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal and state programs for the fiscal year ended June 30, 2017. The Paulsboro 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

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Paulsboro School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Paulsboro School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "Kevin P. Frenia". The signature is written in a cursive style with a large initial "K" and a long horizontal stroke extending to the right.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
December 2, 2017

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**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2017 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
U.S. Department of Health and Human Services											
Passed Through New Jersey Department of Human Services:											
Medical Assistance Program (SEM)	93.778	1605N15MAP	100-054-7540-211	\$ 65,985	7/1/16-6/30/17	\$ -	\$ 65,985	\$ (65,985)	\$ -	\$ -	\$ -
Medical Assistance Program (SEM) - ARRA	93.778	1605N15MAP	100-054-7540-211	10,553	7/1/16-6/30/17	-	10,553	(10,553)	-	-	-
Medical Assistance Program (SEM)	93.778	1705N15MAP	100-054-7540-211	85,348	7/1/15-6/30/16	(21,417)	21,417	-	-	-	-
				(21,417)		(76,538)	97,955	-	-	-	-
Total U.S. Department of Health and Human Services											
				(21,417)		(76,538)	97,955	-	-	-	-
U.S. Department of Agriculture											
Passed Through New Jersey Department of Agriculture:											
Child Nutrition Cluster:											
School Breakfast Program	10.553	171N1304N1099	100-010-3350-028	218,069	7/1/16-6/30/17	(38,978)	204,424	(218,069)	-	(13,645)	-
School Breakfast Program	10.553	1616N1304N1099	100-010-3350-028	222,113	7/1/15-6/30/16	(38,978)	38,978	-	-	-	-
				(38,978)		(243,402)	243,402	-	-	(13,645)	-
National School Lunch Program	10.555	171N1304N1099	100-010-3350-026	453,459	7/1/16-6/30/17	-	428,211	(453,459)	-	(25,248)	-
National School Lunch Program	10.555	1616N1304N1099	100-010-3350-026	457,338	7/1/15-6/30/16	(80,166)	80,166	-	-	-	-
After School Snack Program	10.555	171N1304N1099	100-010-3350-026	6,985	7/1/16-6/30/17	-	6,653	(6,985)	-	(332)	-
After School Snack Program	10.555	1616N1304N1099	100-010-3350-026	5,169	7/1/15-6/30/16	(647)	647	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	171N1304N1099	100-010-3350-026	8,841	7/1/16-6/30/17	-	8,349	(8,841)	-	(492)	-
Food Distribution Program (Noncash Assistance)	10.555	171N1304N1099	Unavailable	55,809	7/1/16-6/30/17	5,302	55,809	(48,640)	-	-	10,169
Food Distribution Program (Noncash Assistance)	10.555	1616N1304N1099	Unavailable	55,454	7/1/15-6/30/16	(75,511)	579,835	(520,227)	-	(26,072)	10,169
				(75,511)		(14,916)	14,916	-	-	-	-
				(14,916)		(14,916)	14,916	-	-	-	-
Summer Food Service Program for Children	10.559	171N1304N1099	100-010-3350-023	14,916	7/1/16-6/30/17	-	-	(14,916)	-	-	-
				(114,489)		(838,153)	838,153	(753,212)	-	(39,717)	10,169
				(114,489)		(838,153)	838,153	(753,212)	-	(39,717)	10,169
Total U.S. Department of Agriculture											
				(114,489)		(838,153)	838,153	(753,212)	-	(39,717)	10,169
U.S. Department of Education											
Passed Through New Jersey Department of Education:											
Title I - Part B (Special Education Cluster)											
Basic	84.027	H027A160100	100-034-5065-016	393,987	7/1/16-6/30/17	-	348,411	(391,242)	-	(42,831)	-
Basic	84.027	H027A150100	100-034-5065-016	394,994	7/1/15-6/30/16	(72,629)	72,629	-	-	-	-
Local Capacity Grant	84.027	Unavailable	Unavailable	254,000	10/1/04-9/30/05	3,275	-	-	-	-	3,275
				(69,354)		(391,242)	391,242	-	-	(42,831)	3,275
Preschool	84.173	H173A160114	100-034-5065-020	16,913	7/1/16-6/30/17	(3,741)	16,913	(16,913)	-	-	-
Preschool	84.173	H173A150114	100-034-5065-020	12,809	7/1/15-6/30/16	(3,741)	3,741	-	-	-	-
				(73,095)		(441,694)	441,694	(408,155)	-	(42,831)	3,275
Total Special Education Cluster											
No Child Left Behind (N.C.L.B.):											
Title I - Part A	84.010	S010A160030	100-034-5064-194	975,992	7/1/16-6/30/17	-	827,924	(853,827)	-	(25,903)	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	970,846	7/1/15-6/30/16	(167,605)	156,801	-	-	(30,804)	-
				(167,605)		(853,827)	964,725	-	-	(56,707)	-
Title III, English Language Acquisition	84.365	S365A160030	Unavailable	2,659	7/1/16-6/30/17	-	-	(2,659)	-	(2,659)	-
				(2,659)		(2,659)	2,659	-	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	121,296	7/1/16-6/30/17	-	93,473	(97,611)	-	(4,138)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A150029	100-034-5063-290	129,186	7/1/15-6/30/16	(63,842)	63,842	-	-	-	-
				(63,842)		(97,611)	157,315	-	-	(4,138)	-
Career and Technical Education (Perkins)	84.048	V048A150030	Unavailable	22,789	7/1/03-6/30/04	1,050	-	-	-	-	1,050
				1,050		1,050	-	-	-	-	1,050

PAULSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2017 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
Race to the Top (RTTT) - Preschool Expansion	84-419B	B413A120008	100-034-5063-345	355,140	7/1/16-6/30/17	-	266,706	(294,920)	-	(28,214)	-
							266,706	(294,920)	-	(28,214)	-
Race to the Top - ARRA	84-413	B413A120008	100-034-5063-345	47,958	7/1/15-6/30/16	(2,475)	-	-	-	(2,475)	-
						(2,475)	-	-	-	(2,475)	-
Total U.S. Department of Education						(305,967)	1,830,440	(1,657,172)	-	(137,024)	4,325
Total Expenditures of Federal Awards						\$ (441,873)	\$ 2,766,548	\$ (2,486,922)	\$ -	\$ (176,741)	\$ 14,494

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

PAULSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS BALANCES	ACCOUNTS RECEIVABLE	BALANCE JUNE 30, 2017	DUE TO GRANTOR	MEMO	
												BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey Department of Education:													
General Fund:													
State Aid Public:													
	495-0334-5120-068	\$ 50,435	7/1/16-6/30/17		\$ 50,435	(50,435)			\$ -		\$ -	4,703	50,435
	School Choice Aid	11,416,506	7/1/16-6/30/17		11,416,506	(11,416,506)						1,064,463	11,416,506
	Equalization Aid	87,962	7/1/16-6/30/17		87,962	(87,962)						8,201	87,962
	Security Aid	624,492	7/1/16-6/30/17		624,492	(624,492)						58,227	624,492
	Special Education Categorical Aid	10,345	7/1/16-6/30/17		10,345	(10,345)						965	10,345
	Per Pupil Growth Aid	10,345	7/1/16-6/30/17		10,345	(10,345)						965	10,345
	PARCC Readiness	10,440	7/1/16-6/30/17		10,440	(10,440)						973	10,440
	Professional Learning Community Aid												
	495-0334-5120-101												
	Total State Aid Public				12,210,525	(12,210,525)						1,138,497	12,210,525
	495-0334-5120-014	30,054	7/1/16-6/30/17		30,054	(30,054)						2,802	30,054
	Transportation Aid	193,582	7/1/16-6/30/17		193,582	(193,582)							193,582
	495-0334-5120-044	7,560	7/1/15-6/30/16	(7,560)									7,560
	Extraordinary Aid	647,431	7/1/16-6/30/17		615,759	(647,431)							647,431
	Reimbursed TPAF Social Security Contributions	652,014	7/1/15-6/30/16	31,966	(31,966)								652,014
	TPAF - Post Retirement												
	Medical (Noncash Assistance)	816,124	7/1/16-6/30/17		816,124	(816,124)							816,124
	TPAF - Pension	979,474	7/1/16-6/30/17		979,474	(979,474)							979,474
	Contributions (Noncash Assistance)												
	TPAF - Long Term Disability	2,190	7/1/16-6/30/17		2,190	(2,190)							2,190
	Insurance (Noncash Assistance)												
	495-0334-5094-004			24,406	14,629,720	(14,879,380)			(225,254)			1,141,299	15,538,954
	Total General Fund												
Special Revenue Fund:													
Non-Public Aid:													
Auxiliary Services Aid Cluster (Ch. 192):													
	100-0334-5120-067	38,072	7/1/16-6/30/17		38,072	(37,534)					538		37,534
	Compensatory Education	38,918	7/1/15-6/30/16	4,655				(4,655)					
	100-0334-5120-067	731	7/1/16-6/30/17		731	(731)							731
	English as a Second Language	4,755	7/1/16-6/30/17		4,755	(4,669)					86		4,669
	Transportation	4,130	7/1/15-6/30/16	22				(22)					
	100-0334-5120-068			4,677	43,558	(42,934)							42,934
	Total Auxiliary Services Aid Cluster												
Handicapped Services Cluster (Ch. 193):													
	100-0334-5120-066	8,632	7/1/16-6/30/17		8,632	(8,632)							8,632
	Supplemental Instruction	9,653	7/1/15-6/30/16	1,337				(1,337)					
	100-0334-5120-066	19,097	7/1/16-6/30/17		19,097	(17,476)					1,621		17,476
	Examination & Classification	18,923	7/1/15-6/30/16	8,521				(8,521)					
	100-0334-5120-066	15,020	7/1/16-6/30/17		15,020	(12,104)					2,916		12,104
	Corrective Speech	15,885	7/1/15-6/30/16	5,017				(5,017)					
	100-0334-5120-066			14,875	42,749	(38,212)			(14,875)		4,537		38,212
	Total Handicapped Services Cluster												
	100-0334-5120-064	5,764	7/1/16-6/30/17		5,764	(5,727)					37		5,727
	Textbook Aid	9,000	7/1/15-6/30/16	42				(42)					
	100-0334-5120-064	2,600	7/1/16-6/30/17		2,600	(2,595)							2,595
	Nursing Services	5,000	7/1/16-6/30/17		5,000	(5,000)							5,000
	100-0334-5120-373	5,404	7/1/16-6/30/17		5,404	(5,404)							5,404
	Technology Initiative	2,854	7/1/15-6/30/16	(2,854)					(5,404)				
	100-0334-5120-067	179,170	7/1/16-6/30/17		179,170	(179,170)						17,917	179,170
	Home Instruction	20,000	7/1/13-6/30/14	(14,461)					(14,461)				
	100-0334-5120-086			2,279	290,695	(288,042)			(19,594)		5,203		288,042
	Preschool Education Aid												
	Improving Literacy Achievement												
	495-0334-5120-086												
	unavailable												
	Total Special Revenue Fund												
Capital Projects Fund:													
New Jersey School Development Authority:													
	4020-050-14-1001	(189,009)	7/1/14-Completion			(90,991)			(780,000)				990,991
	School Facility Project (SDA Grant)	(135,177)	7/1/14-Completion			(175,093)			(310,270)				175,093
	4020-070-14-1003	(1,124,591)	7/1/14-Completion			(1,428)			(1,126,019)				1,428
	School Facility Project (SDA Grant)												
	4020-070-14-1003												
	Total Capital Projects Fund												

PAULSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS BALANCES	ACCOUNTS RECEIVABLE	BALANCE JUNE 30, 2017	MEMO	
											BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program	100-010-3350-023	8,025	7/1/16-6/30/17	(1,431)	7,578	(8,025)	-	-	(447)	-	-	8,025
National School Lunch Program	100-010-3350-023	8,165	7/1/15-6/30/16	(1,431)	1,431	-	-	-	-	-	-	8,165
Total Enterprise Fund				(1,431)	9,009	(8,025)	-	-	(447)	-	-	16,190
Total State Financial Assistance				\$ (1,423,523)	\$ 14,929,424	\$ (15,942,959)	\$ -	\$ (19,594)	\$ (2,461,855)	\$ -	\$ -	\$ 1,159,216
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement Medical (Noncash Assistance)	495-034-5094-001	\$ 816,124	7/1/16-6/30/17		\$	816,124						
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	979,474.00	7/1/16-6/30/17			979,474						
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	2,190	7/1/16-6/30/17			2,190						
Total State Financial Assistance subject to Calculation for Major Program Determination						<u>\$ (14,145,171)</u>						

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

**PAULSBORO SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Paulsboro School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *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 did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

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 School District for the year ended June 30, 2017. 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, 2017.

Note 3. Relationship to Basic Financial Statements

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

**PAULSBORO SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,008 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 76,538	\$ 14,883,388	\$ 14,959,926
Special Revenue Fund	1,657,172	288,042	1,945,214
Capital Projects Fund	-	767,512	767,512
Food Service Fund	753,212	8,025	761,237
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 2,486,922</u>	<u>\$ 15,946,967</u>	<u>\$ 18,433,889</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Paulsboro School District had no loan balances outstanding at June 30, 2017.

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

2) Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of 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>
		Child Nutrition Cluster:
10.553	171NJ304N1099	School Breakfast Program
10.555	171NJ304N1099	National School Lunch Program
10.555	171NJ304N1099	After School Snack Program
10.555	171NJ304N1099	Healthy Hunger Free Kids Act
10.555	171NJ304N1099	Food Distribution Program (Noncash Assistance)
10.559	171NJ304N1099	Summer Food Service Program for Children

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

State Financial Assistance

Dollar threshold used to determine Type A programs _____ Unmodified _____

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

 2) Significant deficiency(ies) identified? yes X no

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____	State Aid Public: _____
495-034-5120-078	Equalization Aid _____
495-034-5120-084	Security Aid _____
495-034-5120-068	Choice Aid _____
495-034-5120-089	Special Education Categorical Aid _____
495-034-5120-097	Per Pupil Growth Aid _____
495-034-5120-098	PARCC Readiness Aid _____
495-034-5120-101	Professional Learning Community Aid _____

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

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

None.

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section III – Federal Awards & State Financial Assistance Findings & 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None

**PAULSBORO SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.