

PAULSBORO SCHOOL DISTRICT

**Paulsboro, New Jersey
County of Gloucester**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

PAULSBORO SCHOOL DISTRICT

PAULSBORO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by

**Paulsboro School District
Business Office**

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INTRODUCTORY SECTION

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Paulsboro Public Schools

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Dr. Laurie Bandlow, Superintendent

February 27, 2019

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, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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, 2018, 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 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 has 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. Student academic achievement has greatly increased as per recent Quality School Accountability Data from the New Jersey Department of Education.

School enrollment was steadily declining from approximately 1,500 students (circa 2000-2001) to a current enrollment of 1,170 as of October 15, 2018.

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>
2017-2018	1,122	-0.27%
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%

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 District is phasing in a PreK through 12th Grade S.T.E.A.M. Academy through the support of the Paulsboro Pegasus Education Foundation.

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. The number of students directly certified with the State of New Jersey Temporary Assistance for Needy Families (TANF) qualifies the district to participate in Community Eligibility Program (CEP) allowing all students attending Paulsboro Public Schools to receive free lunch and free breakfast. 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 the School Alliance Insurance Fund (SAIF) composed of more than one hundred school districts. The district purchases property and casualty insurance through the fund. The district participates in the funds safety program, which educates the staff and has earned safety award renewal credits towards the premium for the past two years.
- The Board of Education has maintained an existing transportation staff and continues to contract with Gloucester County Special Services and other Local Education Agencies to competitively bid routes that cannot be performed in-house.
- The Board of Education contracts with Gloucester County Special Services School District to provide occupational, physical, and behavioral specialist services for students.
- 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 Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

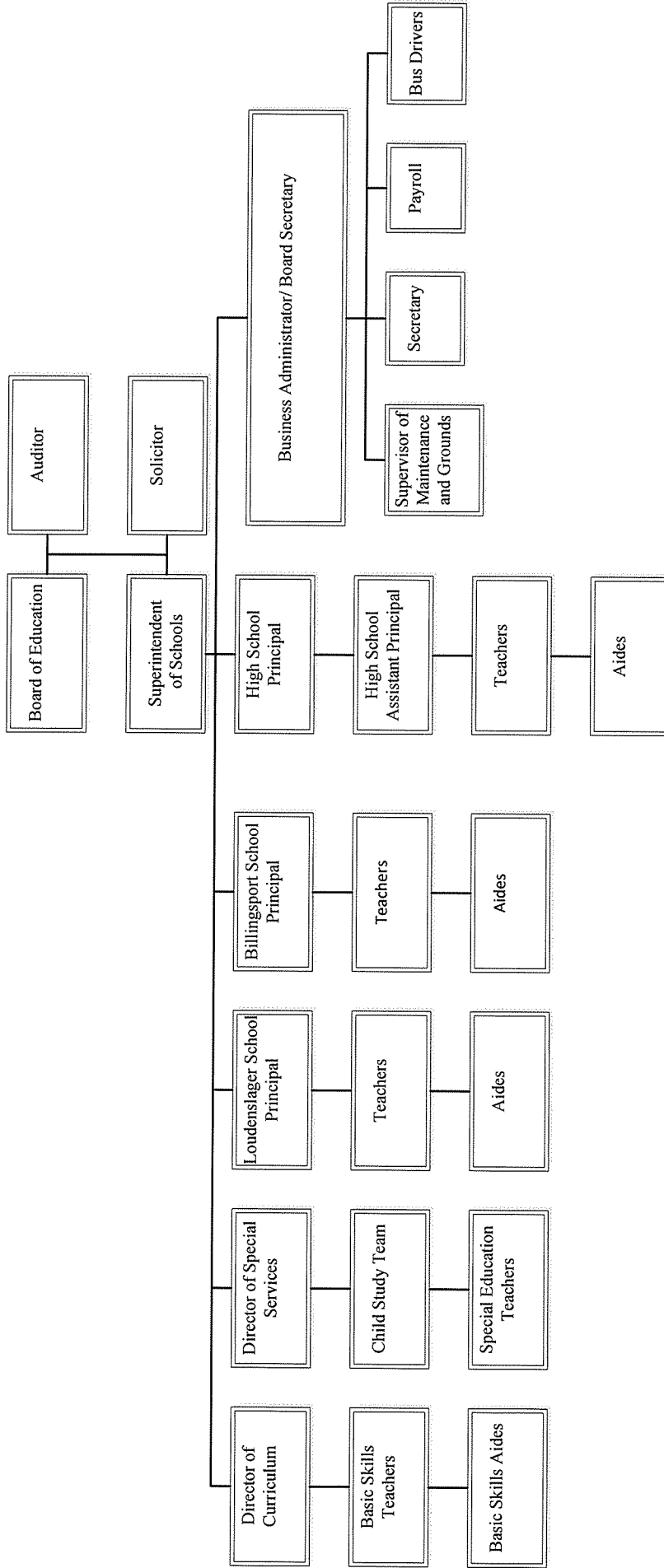

Superintendent


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, 2018

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Thomas C. Ridinger, President	2018
Joseph L. Lisa, Vice President	2020
John Hughes (1)	
Crystal L. Henderson	2020
Willaim Scott MacKenzie	2020
Marvin E. Hamilton	2019
Lisa Lozado-Shaw	2019
Barbara Dunn	2018
James J. Walter, II	2018
Irma R. Stevenson	2018

OTHER OFFICIALS

Dr. Laurie Bandlow, Superintendent of Schools
Jennifer Johnson, Business Administrator/Board Secretary
Michelle Jankauskas, Treasurer
Stephen J. Edelstein, 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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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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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, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post-employment benefits, 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 relates 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 February 27, 2019 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.

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

Medford, New Jersey
February 27, 2019

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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, 2018
(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, 2018. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

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, 2018
(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, 2018
(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 2018 compared to fiscal year 2017.

Table 1
Summary of Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 6,226,254	\$ 5,212,456	\$ 1,013,798	19.4%
Capital Assets, Net	10,178,931	8,909,280	1,269,651	14.3%
Total Assets	<u>16,405,185</u>	<u>14,121,736</u>	<u>2,283,449</u>	16.2%
Deferred Outflow of Resources	<u>1,983,473</u>	<u>2,196,501</u>	<u>(213,028)</u>	-9.7%
Current and other Liabilities	5,202,039	2,031,116	3,170,923	156.1%
Noncurrent Liabilities	10,485,411	11,828,554	(1,343,143)	-11.4%
Total Liabilities	<u>15,687,450</u>	<u>13,859,670</u>	<u>1,827,780</u>	13.2%
Deferred Inflow of Resources	<u>1,607,465</u>	<u>505,745</u>	<u>1,101,720</u>	217.8%
Net Position:				
Net Investment in Capital Assets	6,768,175	5,401,176	1,366,999	25.3%
Restricted	1,848,782	2,455,511	(606,729)	-24.7%
Unrestricted (Deficit)	<u>(7,523,214)</u>	<u>(5,903,865)</u>	<u>(1,619,349)</u>	27.4%
Total Net Position	<u>\$ 1,093,743</u>	<u>\$ 1,952,822</u>	<u>\$ (859,079)</u>	-44.0%

PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

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

Table 2 shows the changes in net position for fiscal year 2018 compared to fiscal year 2017.

Table 2
Summary of Changes in Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 32,690	\$ 37,214	\$ (4,524)	-12.2%
Operating Grants & Contributions	10,104,340	5,118,172	4,986,168	97.4%
General Revenues:				
Property Taxes	6,020,338	5,908,377	111,961	1.9%
Federal & State Aid	13,593,640	13,282,219	311,421	2.3%
Other General Revenues	1,795,972	1,635,757	160,215	9.8%
Total Revenues	31,546,980	25,981,739	5,565,241	21.4%
Function/Program Expenditures:				
Regular Instruction	5,858,718	5,648,527	210,191	3.7%
Special Education Instruction	2,911,933	3,247,102	(335,169)	-10.3%
Other Instruction	490,712	565,651	(74,939)	-13.2%
Tuition	3,282,778	2,717,272	565,506	20.8%
Student & Instruction Related Services	1,963,307	2,211,805	(248,498)	-11.2%
General Administrative	577,922	409,890	168,032	41.0%
School Administrative Services	751,436	953,041	(201,605)	-21.2%
Central Services	239,446	262,821	(23,375)	-8.9%
Administrative Info. Technology	144,582	68,743	75,839	110.3%
Plant Operations & Maintenance	1,565,345	1,393,830	171,515	12.3%
Pupil Transportation	930,714	849,518	81,196	9.6%
Unallocated Benefits	7,239,329	4,322,016	2,917,313	67.5%
On Behalf TPAF Pension and Social				
Security Contributions	4,679,205	2,445,219	2,233,986	91.4%
Transfer to Charter Schools	137,545	-	137,545	100.0%
Interest & Other Charges	113,641	102,702	10,939	10.7%
Unallocated Depreciation	635,942	496,048	139,894	28.2%
Food Service	883,504	765,941	117,563	15.3%
Total Expenditures	32,406,059	26,460,126	5,945,933	22.5%
Change In Net Position	(859,079)	(478,387)	(380,692)	79.6%
Net Position - Beginning	1,952,822	2,431,209	(478,387)	-19.7%
Net Position - Ending	<u>\$ 1,093,743</u>	<u>\$ 1,952,822</u>	<u>\$ (859,079)</u>	<u>-44.0%</u>

**PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)**

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

Governmental Activities

During the fiscal year 2018, the net position of governmental activities decreased by \$758,633 or 42%. The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$1,041,159, with an unrestricted deficit balance of (\$7,567,649). 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)	\$ (7,523,214)
Add back: PERS Pension Liability	6,175,380
Less: Deferred Outflows related to pensions	(1,983,473)
Add back: Deferred Inflows related to pensions	<u>1,607,465</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ (1,723,842)</u>

Business-type Activities

During the fiscal year 2018, the net position of business-type activities decreased by \$100,446 or 66%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$52,584.

General Fund Budgeting Highlights

Final budgeted revenues was \$20,195,097, which was \$195,444 greater than the original budget. Excluding nonbudgeted revenues, the School District's actual revenues were exceeded by budgeted revenues by \$4,908.

Final budgeted appropriations was \$22,056,393, which was an increase of \$873,902 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 \$408,351.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$540,130 at June 30, 2018, a decrease of \$1,693,229 from the prior year.

PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(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 \$1,236,152, a decrease of \$2,056,820 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund decreased by \$1,722,607 or 155% to (\$612,630) at June 30, 2018, compared to a decrease of \$915,541 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 \$890,342 from fiscal year 2017 to 2018
- Tuition Revenue decreased by \$111,786 from fiscal year 2017 to 2018
- Total Federal revenue decreased by \$56,502

Special revenue fund – During the current fiscal year, the fund balance of the School District's special revenue fund increased by \$17,917 to \$0 at June 30, 2018, compared to no change in fund balance in the prior fiscal year.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$370,038 or 17% to 1,822,292 at June 30, 2018, compared to a decrease of \$329,731 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 \$1,288,854 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 \$17,908 or 209% to \$26,490 at June 30, 2018, compared to an increase of \$1,259 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 decreased by \$100,446 or 66% to \$52,584 at June 30, 2018, compared to an increase of \$37,377 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:

- Operating expenses increased \$117,563 from fiscal year 2017 to 2018
- Operating Revenues decreased by \$4,524 from fiscal year 2017 to 2018

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$10,178,931 (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 \$1,269,651. Table 4 shows fiscal 2018 balances compared to 2017.

**PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)**

Capital Assets (continued)

**Table 4
Summary of Capital Assets**

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 99,211	\$ 99,211	\$ -	0.0%
Construction in Progress	4,454,449	3,187,894	1,266,555	39.7%
Land Improvements	426,219	490,523	(64,304)	-13.1%
Building and Improvements	3,042,220	3,146,493	(104,273)	-3.3%
Equipment	2,156,832	1,985,159	171,673	8.6%
	<u>\$ 10,178,931</u>	<u>\$ 8,909,280</u>	<u>\$ 1,269,651</u>	<u>14.3%</u>

Depreciation expense for the year was \$636,778. 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 \$2,797,000, which is a decrease of \$115,000 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 2018-2019 budget will be adequate to satisfy all 2018-2019 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, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 1,966,144	\$ -	\$ 1,966,144
Receivables, Net (Note 3)	4,195,152	45,843	4,240,995
Inventory	-	19,115	19,115
Capital Assets, Net (Note 4)			
Non-depreciable	4,553,660	-	4,553,660
Depreciable	5,617,122	8,149	5,625,271
Total Assets	16,332,078	73,107	16,405,185
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 7)	1,983,473	-	1,983,473
Total Deferred Outflow of Resources	1,983,473	-	1,983,473
LIABILITIES:			
Accounts Payable	563,690	36,521	600,211
Internal Balances	36,899	(36,899)	-
Temporary Note Payable (Note 20)	4,170,923	-	4,170,923
Due to Other Governments	279,194	-	279,194
Unearned Revenue	116,646	7,710	124,356
Accrued Interest	27,355	-	27,355
Noncurrent Liabilities (Note 6):			
Due within one year	298,036	-	298,036
Due in more than one year	10,174,184	13,191	10,187,375
Total Liabilities	15,666,927	20,523	15,687,450
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 7)	1,607,465	-	1,607,465
Total Deferred Inflow of Resources	1,607,465	-	1,607,465
NET POSITION:			
Net Investment in Capital Assets	6,760,026	8,149	6,768,175
Restricted for:			
Capital Projects	1,822,292	-	1,822,292
Debt Service	26,490	-	26,490
Unrestricted (Deficit)	(7,567,649)	44,435	(7,523,214)
Total Net Position	\$ 1,041,159	\$ 52,584	\$ 1,093,743

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, 2018

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	\$ 5,858,718	\$ -	\$ -	\$ -	(5,858,718)	\$ -	(5,858,718)
Special Education Instruction	2,911,933	-	1,360,236	-	(1,551,697)	-	(1,551,697)
Other Instruction	490,712	-	-	-	(490,712)	-	(490,712)
Support Services:							
Tuition	3,282,778	-	318,965	-	(2,963,813)	-	(2,963,813)
Student & Instruction Related Services	1,963,307	-	-	-	(1,963,307)	-	(1,963,307)
General Administrative	577,922	-	-	-	(577,922)	-	(577,922)
School Administrative Services	751,436	-	-	-	(751,436)	-	(751,436)
Central Services	239,446	-	-	-	(239,446)	-	(239,446)
Administrative Info. Technology	144,582	-	-	-	(144,582)	-	(144,582)
Plant Operations & Maintenance	1,565,345	-	-	-	(1,565,345)	-	(1,565,345)
Pupil Transportation	930,714	-	-	-	(930,714)	-	(930,714)
Unallocated Benefits	7,239,329	-	2,995,566	-	(4,243,763)	-	(4,243,763)
On Behalf TPAF Pension and Social Security Contributions	4,679,205	-	4,679,205	-	-	-	-
Transfer to Charter Schools	137,545	-	-	-	(137,545)	-	(137,545)
Interest & Other Charges	113,641	-	-	-	(113,641)	-	(113,641)
Unallocated Depreciation	635,942	-	-	-	(635,942)	-	(635,942)
Total Governmental Activities	31,522,555	-	9,353,972	-	(22,168,583)	-	(22,168,583)
Business-Type Activities:							
Food Service	883,504	32,690	750,368	-	-	(100,446)	(100,446)
Total Business-Type Activities	883,504	32,690	750,368	-	-	(100,446)	(100,446)
Total Primary Government	\$ 32,406,059	\$ 32,690	\$ 10,104,340	\$ -	(22,168,583)	(100,446)	(22,269,029)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					5,819,982	-	5,819,982
Property Taxes, Levied for Debt Service					200,356	-	200,356
Federal & State Aid Restricted					918,816	-	918,816
Federal & State Aid Not Restricted					12,674,824	-	12,674,824
Tuition Charges					1,215,109	-	1,215,109
Miscellaneous					580,863	-	580,863
Total General Revenues					21,409,950	-	21,409,950
Change In Net Position					(758,633)	(100,446)	(859,079)
Net Position - Beginning					1,799,792	153,030	1,952,822
Net Position - Ending					\$ 1,041,159	\$ 52,584	\$ 1,093,743

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

B. Fund Financial Statements

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**PAULSBORO SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash & Cash Equivalents	\$ 199,673	\$ -	\$ 1,766,471	\$ -	\$ 1,966,144
Receivables, Net:					
Interfund Receivable	243,507	-	2,080	26,490	272,077
Due from Other Governments:					
State	278,094	14,242	3,135,105	-	3,427,441
Federal	-	585,078	-	-	585,078
Other Receivables	150,501	22,925	-	-	173,426
	<hr/>				
Total Assets	<u>\$ 871,775</u>	<u>\$ 622,245</u>	<u>\$ 4,903,656</u>	<u>\$ 26,490</u>	<u>\$ 6,424,166</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 274,503	\$ 234,313	\$ 54,874	\$ -	563,690
Temporary Note Payable	1,170,923	-	3,000,000	-	4,170,923
Due to Other Governments	-	36,986	-	-	36,986
Interfund Payable	38,979	234,300	26,490	-	299,769
Unearned Revenue	-	116,646	-	-	116,646
	<hr/>				
Total Liabilities	<u>1,484,405</u>	<u>622,245</u>	<u>3,081,364</u>	<u>-</u>	<u>5,188,014</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current year	-	-	-	-	-
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	-	-	-	-	-
Capital Projects	-	-	1,822,292	-	1,822,292
Debt Service	-	-	-	26,490	26,490
Assigned to:					
Designated for Subsequent Year's Expenditures	386,687	-	-	-	386,687
Other Purposes	19,900	-	-	-	19,900
Unassigned	(1,019,217)	-	-	-	(1,019,217)
	<hr/>				
Total Fund Balances	<u>(612,630)</u>	<u>-</u>	<u>1,822,292</u>	<u>26,490</u>	<u>1,236,152</u>
	<hr/>				
Total Liabilities & Fund Balances	<u>\$ 871,775</u>	<u>\$ 622,245</u>	<u>\$ 4,903,656</u>	<u>\$ 26,490</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,329,283 and the accumulated depreciation is \$11,158,501	10,170,782
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	1,983,473
Deferred Inflows related to pensions	(1,607,465)
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.	(27,355)
Accrued pension contributions for the June 30, 2018 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	(242,208)
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>(10,472,220)</u>
Net Position of Governmental Activities	<u>\$ 1,041,159</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, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 5,819,982	\$ -	\$ -	\$ 200,356	\$ 6,020,338
Tuition Charges	1,215,109	-	-	-	1,215,109
Miscellaneous	450,896	33,524	-	23,497	507,917
Total Local Sources	7,485,987	33,524	-	223,853	7,743,364
State Sources	15,428,424	280,731	918,816	-	16,627,971
Federal Sources	20,036	1,471,416	-	-	1,491,452
Total Revenues	22,934,447	1,785,671	918,816	223,853	25,862,787
Expenditures:					
Instruction:					
Regular Instruction	5,858,718	-	-	-	5,858,718
Special Education Instruction	1,334,238	1,577,695	-	-	2,911,933
Other Instruction	490,712	-	-	-	490,712
Support Services:					
Tuition	2,963,813	318,965	-	-	3,282,778
Student & Instruction Related Services	1,963,307	-	-	-	1,963,307
General Administrative	577,922	-	-	-	577,922
School Administrative Services	751,436	-	-	-	751,436
Central Services	239,446	-	-	-	239,446
Administrative Info. Technology	144,582	-	-	-	144,582
Plant Operations & Maintenance	1,565,345	-	-	-	1,565,345
Pupil Transportation	930,714	-	-	-	930,714
Unallocated Benefits	4,178,734	-	-	-	4,178,734
On Behalf TPAF Pension and Social Security Contributions	2,773,636	-	-	-	2,773,636
Transfer to Charter Schools	137,545	-	-	-	137,545
Capital Outlay	511,105	106,470	1,288,854	-	1,906,429
Debt Service:					
Principal	214,744	-	-	115,000	329,744
Interest & Other Charges	18,077	-	-	90,945	109,022
Total Expenditures	24,654,074	2,003,130	1,288,854	205,945	28,152,003
Excess/(Deficiency) of Revenues over Expenditures	(1,719,627)	(217,459)	(370,038)	17,908	(2,289,216)
Other Financing Sources (Uses):					
Transfers In/(Out)	(235,376)	235,376	-	-	-
Capital Lease (non-budgeted)	232,396	-	-	-	232,396
Total Other Financing Sources (Uses)	(2,980)	235,376	-	-	232,396
Net changes in fund balances	(1,722,607)	17,917	(370,038)	17,908	(2,056,820)
Fund Balance, July 1	1,109,977	(17,917)	2,192,330	8,582	3,292,972
Fund Balance, June 30	\$ (612,630)	\$ -	\$ 1,822,292	\$ 26,490	\$ 1,236,152

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, 2018**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		(2,056,820)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because</p> <p>Capital outlays are reported in governmental funds as expenditures. However, 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 (-)</p>		
	Depreciation Expense	(635,942)
	Capital Outlays	<u>1,906,429</u>
		1,270,487
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.		(131,384)
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.		329,744
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>(232,396)</u>
		(232,396)
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 (+).		(4,619)
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>66,355</u>
Change in Net Position of Governmental Activities		<u>\$ (758,633)</u>

**PAULSBORO SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2018**

	<u>FOOD SERVICE</u>
ASSETS	
Current Assets:	
Accounts Receivable:	
State	\$ 510
Federal	45,028
Interfund Accounts Receivable	40,469
Inventories	<u>19,115</u>
Total Current Assets	<u>105,122</u>
Noncurrent assets:	
Furniture, Machinery & Equipment	102,082
Less: Accumulated Depreciation	<u>(93,933)</u>
Total Noncurrent Assets	<u>8,149</u>
Total Assets	<u>113,271</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	36,521
Interfund Payable	3,265
Unearned Revenue	<u>7,710</u>
Total Current Liabilities	<u>47,496</u>
Long-Term Liabilities:	
Compensated Absences Payable	<u>13,191</u>
Total Liabilities	<u>60,687</u>
NET POSITION	
Net Investment in Capital Assets	8,149
Unrestricted	<u>44,435</u>
Total Net Position	<u>\$ 52,584</u>

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, 2018**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 3,348
Daily Sales - Nonreimbursable Programs	29,342
	32,690
 Total Operating Revenues	 32,690
 Operating Expenses:	
Cost of Sales-Reimbursable Programs	393,603
Cost of Sales-Non-Reimbursable Programs	19,071
Salaries	230,802
Employee Benefits	85,878
Supplies & Materials	84,939
Management Fee	39,353
Other Miscellaneous	29,022
Depreciation	836
	883,504
 Total Operating Expenses	 883,504
 Operating Income/(loss)	 (850,814)
 Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	7,917
Federal Sources:	
National School Lunch Program	454,261
Healthy Hunger-Free Kids Act	8,666
School Breakfast Program	218,471
After School Snacks	7,659
Food Distribution Program	53,394
	750,368
 Total Nonoperating Revenues/(Expenses)	 750,368
 Change in Net Position	 (100,446)
Total net position—July 1	153,030
	153,030
 Total net position—June 30	 \$ 52,584

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, 2018**

	FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ (4,016)
Payments to Employees	(230,802)
Payments for Employee Benefits	(85,503)
Payments to Suppliers	(613,207)
	(933,528)
Net Cash Provided/(Used) by Operating Activities	(933,528)
Cash Flows From Noncapital Financing Activities:	
Cash Received from Federal & State Reimbursements	691,600
	691,600
Net Cash Provided/(Used) by Noncapital Financing Activities	691,600
Net Increase/(Decrease) in Cash & Cash Equivalents	(241,928)
Cash and Cash Equivalents, July 1	241,928
	-
Cash & Cash Equivalents, June 30	\$ -

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

Operating Income/(Loss)	\$ (850,814)
Adjustments to Reconcile Operating Income/(Loss) to	
Net Cash Provided/(Used) by Operating Activities:	
Depreciation	836
Food Distribution Program	53,394
Changes in Assets & Liabilities:	
(Increase)/Decrease in Inventory	(1,131)
Increase/(Decrease) in Accounts Payable	(102,747)
(Increase)/Decrease in Accounts Receivable	5,916
(Increase)/Decrease in Interfund Receivable	(40,163)
Increase in Interfund Payable	3,265
Increase/(Decrease) in Unearned Revenue	(2,459)
Increase/(Decrease) in Compensated Absences Payable	375
	(82,714)
Total Adjustments	(82,714)
Net Cash Provided/(Used In) Operating Activities	\$ (933,528)

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, 2018**

ASSETS	PRIVATE PURPOSE	AGENCY		TOTAL
	SCHOLARSHIP	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 152,714	\$ 70,259	\$ 133,197	\$ 356,170
Interfund Receivable	250	-	-	250
Total Assets	152,964	70,259	133,197	356,420
LIABILITIES				
Payroll Deductions & Withholdings	-	-	124,491	124,491
Due to Student Groups	-	69,203	-	69,203
Interfund Payable	-	1,056	8,706	9,762
Total Liabilities	-	70,259	133,197	203,456
NET POSITION				
Reserved for Scholarships	152,964	-	-	152,964
Total Net Position	\$ 152,964	\$ -	\$ -	\$ 152,964

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, 2018**

ADDITIONS	<u>PRIVATE PURPOSE SCHOLARSHIP</u>
Contributions:	
Other	\$ 75,300
Total Contributions	<u>75,300</u>
Investment Earnings:	
Interest	<u>254</u>
Net Investment Earnings	<u>254</u>
Total Additions	<u>75,554</u>
DEDUCTIONS	
Scholarship Payments	<u>46,390</u>
Total Deductions	<u>46,390</u>
Change in Net Position	29,164
Net Position - Beginning of the Year	<u>123,800</u>
Net Position - End of the Year	<u><u>\$ 152,964</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, 2018

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**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Board of Education of Paulsboro School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Paulsboro School District (hereafter referred to as the “District”) is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II 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 District is to educate students in grades kindergarten through eighth at its three schools. The District has an approximate enrollment at June 30, 2018 of 1,334 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the 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 Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2018.

Government-Wide Financial Statements

The 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 District accompanied by a total column. Fiduciary activities of the 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 District’s assets, deferred outflows of resources, liabilities, and

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying 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 District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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.

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. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The 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 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 District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

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

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

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.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 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 taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. 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 assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund and the Extended Day Care program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the 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.

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. These resources can be transferred from and to Current Expense by board resolution.

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

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

Service or the Enterprise Funds) and local appropriations that are legally restricted 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 special 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 resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major 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 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 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 are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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 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 last 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.

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 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.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

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 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 and Cash Equivalents

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

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.

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

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2018 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

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 District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on 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 value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

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

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 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 District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

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 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.

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.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- **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.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

- 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. The School Board did not have any committed resources as of June 30, 2018.
- 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.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the 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 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 in 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 – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

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.

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.

Recently Issued Accounting Pronouncements

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

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 has not yet determined the potential 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 has not yet determined the potential impact on the School District's financial statements.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

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.

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.

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.

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

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 2. Cash Deposits and Investments

Cash 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 \$250,000.00 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 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, 2018, the District’s bank balance of \$4,822,033 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	4,349,390
Uninsured and Uncollateralized		472,643
		\$ 4,822,033

Investments

The School District has no investments at June 30, 2018.

Note 3. Accounts Receivable

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

<u>Description</u>	Governmental Funds				Proprietary Funds	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ 585,078	\$ -	\$ 585,078	\$ 45,028	\$ 45,028
State Awards	278,094	14,242	3,135,106	3,427,442	510	510
Tuition	121,511	-	-	121,511	-	-
Other	38,197	22,925	-	61,122	305	305
Total	\$ 437,802	\$ 622,245	\$ 3,135,106	\$ 4,195,153	\$ 45,843	\$ 45,843

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 4. Capital Assets

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

	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 99,211	\$ -	\$ -	\$ 99,211
Construction in Progress	3,187,894	1,266,555	-	4,454,449
Total Capital Assets not being depreciated	<u>3,287,105</u>	<u>1,266,555</u>	-	<u>4,553,660</u>
Capital Assets being depreciated:				
Land Improvements	2,020,706	-		2,020,706
Buildings and Improvements	9,946,722	79,800		10,026,522
Equipment	4,168,321	560,074		4,728,395
Total Capital Assets being depreciated	<u>16,135,749</u>	<u>639,874</u>	-	<u>16,775,623</u>
Less: Accumulated Depreciation:				
Land Improvements	(1,530,183)	(64,304)		(1,594,487)
Buildings and Improvements	(6,800,229)	(184,073)		(6,984,302)
Equipment	(2,192,147)	(387,565)		(2,579,712)
Total Accumulated Depreciation	<u>(10,522,559)</u>	<u>(635,942)</u>	-	<u>(11,158,501)</u>
Total Capital Assets being depreciated, net	<u>5,613,190</u>	<u>3,932</u>	-	<u>5,617,122</u>
Total Governmental Activities Capital Assets, net	<u>\$ 8,900,295</u>	<u>\$ 1,270,487</u>	<u>\$ -</u>	<u>\$ 10,170,782</u>

	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
Business-Type Activities:				
Equipment	\$ 102,082	\$ -	\$ -	\$ 102,082
	<u>102,082</u>	<u>-</u>	<u>-</u>	<u>102,082</u>
Less: Accumulated Depreciation:				
Equipment	(93,097)	(836)	-	(93,933)
	<u>(93,097)</u>	<u>(836)</u>	<u>-</u>	<u>(93,933)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 8,985</u>	<u>\$ (836)</u>	<u>\$ -</u>	<u>\$ 8,149</u>

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 5. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2018 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 243,507	\$ 38,979
Special Revenue Fund	-	234,300
Capital Projects Fund	2,080	26,490
Debt Service Fund	26,490	-
Food Service Fund	37,204	-
Scholarship Fund	250	-
Payroll Fund	-	8,706
Student Activity Fund	-	1,056
	<u>\$ 309,531</u>	<u>\$ 309,531</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	\$ -	\$ 235,376
Special Revenue Fund	235,376	-
	<u>\$ 235,376</u>	<u>\$ 235,376</u>

Note 6. Long-Term Obligations

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,912,000	\$ -	\$ 115,000	\$ 2,797,000	\$ 115,000
Capital Leases	596,104	232,396	214,744	613,756	180,155
Compensated Absences	939,623	-	53,539	886,084	-
Net Pension Liability	7,355,195	-	1,179,815	6,175,380	-
	<u>\$ 11,802,922</u>	<u>\$ 232,396</u>	<u>\$ 1,563,098</u>	<u>\$ 10,472,220</u>	<u>\$ 295,155</u>
Business-Type Activities:					
Compensated Absences	\$ 12,816	\$ 375	\$ -	\$ 13,191	\$ -
	<u>\$ 12,816</u>	<u>\$ 375</u>	<u>\$ -</u>	<u>\$ 13,191</u>	<u>\$ -</u>

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 6. Long-Term Obligations (continued)

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

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

A. 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. Bonds issued by the District are general obligation bonds. At June 30, 2018, bonds payable consisted of the following individual issues:

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 3.000% to 3.500% and mature on April 1, 2035.

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

Fiscal Year Ending	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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		140,000	72,495	212,495
2024-2028		785,000	296,325	1,081,325
2029-2033		950,000	167,238	1,117,238
2034-2035		422,000	22,190	444,190
		\$ 2,797,000	\$ 886,628	\$ 3,683,628
		\$ 2,797,000	\$ 886,628	\$ 3,683,628

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 6. Long-Term Obligations (continued)

B. Capital Leases Payable:

The School District is leasing capital items under capital leases. All capital leases are for terms of five to ten years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2018:

Fiscal Year Ending <u>June 30,</u>	
2019	\$ 225,349
2020	225,349
2021	83,357
2022	35,676
2023	<u>69,719</u>
Total Minimum Lease Payments	639,450
Less: Amount Representing Interest	25,695
Present Value of Minimum Lease Payments	<u><u>\$ 613,755</u></u>

Bonds Authorized But Not Issued:

As of June 30, 2018, the District had no authorized but not issued bonds.

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/annrprts.shtml.

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

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (continued)

A. Public Employees' Retirement System (PERS)

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 2017, 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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2018, the School District reported a liability of \$6,175,380 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017.

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, 2017. The School District's proportion measured as of June 30, 2018, was .02653%, which was an increase of .00169% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$377,138 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (Continued):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 145,409	\$ -
Changes of Assumptions	1,244,126	1,239,565
Net Difference between Projected and Actual Earnings on Pension Plan Investments	42,050	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	309,680	367,900
School District contributions subsequent to measurement date	242,208	-
	\$ 1,983,473	\$ 1,607,465

\$242,208 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.99%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 47,665
2020	126,109
2021	88,983
2022	(39,571)
2023	(89,388)
	\$ 133,798

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:

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (Continued):

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

	<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	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Bordentown Regional School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

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 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (Continued):

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

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

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (Continued):

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

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (Continued):

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

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, 2017, calculated using the discount rate of 5.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's Proportionate Share of the Net Pension Liability	\$ 7,660,978	\$ 6,175,380	\$ 4,937,693

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017

Collective Balances at June 30, 2018 and June 30, 2017

	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 1,741,265	\$ 1,950,744
Deferred Inflows of Resources	1,607,465	505,745
Net Pension Liability	6,175,380	7,355,195
District's portion of the Plan's total net pension Liability	0.02653%	0.02483%

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.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (Continued):

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

The following represents the membership tiers for TPAF:

<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 2017, 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 non-employer 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, 2017 was \$58,712,203. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was .08708%, which was a decrease of .00220% from its proportion measured as of June 30, 2016.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (Continued):

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

For the fiscal year ended June 30, 2018, the School District recognized \$4,067,287 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

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

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

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation 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 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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 4.25% 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (Continued):

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

	1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>\$ 69,751,939</u>	<u>\$ 58,712,203</u>	<u>\$ 49,617,621</u>
	<u><u>\$ 69,751,939</u></u>	<u><u>\$ 58,712,203</u></u>	<u><u>\$ 49,617,621</u></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;

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (Continued):

C. Defined Contribution Plan (DCRP) (Continued)

- 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.
- 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, 2018, employee contributions totaled \$20,373 and the District recognized pension expense of \$11,031.

Note 8. Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Other Post-Retirement Benefits (Continued):

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey’s obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

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

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Other Post-Retirement Benefits (Continued):

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$57,108,475. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.1064665238%, which was a decrease of 0.0000032503% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$1,620,875 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

Health Care Trend Assumptions

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

Discount Rate

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

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Other Post-Retirement Benefits (Continued):

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 67,791,879.99	\$ 57,108,475.00	\$ 48,634,296.63
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200.00	\$ 53,639,841,858.00	\$ 45,680,364,953.00
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 73,989,145.28	\$ 61,759,461.00	\$ 52,133,131.91
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084.00	\$ 57,831,784,184.00	\$ 48,817,654,566.00

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Other Post-Retirement Benefits (Continued):

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 46,966,200.01	\$ 57,108,475.00	\$ 70,577,296.85
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560.00	\$ 53,639,841,858.00	\$ 66,290,599,457.00
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 50,675,357.35	\$ 61,759,461.00	\$ 76,577,851.46
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164.00	\$ 57,831,784,184.00	\$ 71,707,778,970.00

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 99,843,255.00	\$ (99,843,255.00)
Change in Assumptions	-	(6,343,769,032.00)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242.00	-
	\$ 1,290,216,497.00	\$ (6,443,612,287.00)

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Other Post-Retirement Benefits (Continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recongnized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2018	\$ (742,830,097.00)
2019	(742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
Thereafter	(2,629,618,547.00)
	\$ (6,343,769,032.00)

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	June 30, 2016
Active Plan Members	223,747.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331.00
	366,078.00

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884.00
Interest Cost	1,699,441,736.00
Changes of Assumptions	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Gross Benefit Payments	(1,242,412,566.00)
Net Change in Total OPEB Liability	(4,191,942,326.00)
Total OPEB Liability (Beginning)	57,831,784,184.00
Total OPEB Liability (Ending)	\$ 53,639,841,858.00
Total Covered Employee Payroll	13,493,400,208.00
Net OPEB Liability as a Percentage of Payroll	398%

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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, 2018, the on-behalf payments for normal costs, social security costs, post-retirement medical costs, and long-term disability were \$1,313,412, \$609,776, \$848,306 and \$2,142, respectively.

Note 10. Risk Management

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, 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 participates in the School Alliance Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverage's:

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 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 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, 2018 may be impaired. In the opinion of the 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.

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

Note 12. Economic Dependency

The 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 District's programs and activities.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 13. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(b). 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 14. Compensated Absences

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

District employees are granted varying amount of vacation and sick leave in accordance with the District's personnel policies. The 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 District for the unused sick leave in accordance with Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$886,084 and \$13,191, respectively.

Note 15. 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.

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.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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, 2018 was \$0.

Note 17. Fund Balance

General Fund – Of the (\$612,630) General Fund fund balance at June 30, 2018, \$386,687 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$19,900 has been assigned to other purposes; and (\$1,019,217) is unassigned.

Capital Projects Fund – Of the \$1,822,292 Capital Projects Fund fund balance at June 30, 2018, \$1,822,292 is restricted for future capital projects approved by the School.

Debt Service Fund – Of the \$26,490 Debt Service Fund fund balance at June 30, 2018, \$26,490 is restricted for future debt service payments.

Note 18. Deficit Fund Balances

The School District has a deficit fund balance of \$1,019,217 in the General Fund 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 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 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 \$1,019,217 is less than the last state aid payment.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District's governmental activities had a deficit in unrestricted net position in the amount of \$7,567,649. The primary causes of the deficit are 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 Employees' Retirement System (PERS) as of June 30, 2018. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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

On June 22, 2018, the School District issued a “State School Aid Anticipation Note” in the amount of \$1,170,923 from Ocean First Bank. The note bears an interest rate of 1.92% per annum and matures on July 11, 2018. 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, 2018, as discussed in Note 18.

On August 1, 2017, the School District issued \$3,000,000 of Temporary Notes. The Notes were issued at an interest rate of 2.25% and mature on August 1, 2018.

Note 21. Subsequent Events

The Board of Education evaluated subsequent events occurring after the financial statement date through February 27, 2019 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events that need to be disclosed.

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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, 2018**

	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	\$ 5,819,982	\$ -	\$ 5,819,982	\$ 5,819,982	\$ -
Tuition	10-1300-000-000	1,215,109	-	1,215,109	1,215,109	-
Miscellaneous	10-1000-000-000	335,001	-	335,001	450,896	115,895
Total Local Sources		7,370,092	-	7,370,092	7,485,987	115,895
State Sources:						
School Choice Aid	10-3116-000-000	50,435	-	50,435	50,435	-
Categorical Transportation Aid	10-3121-000-000	30,054	-	30,054	30,054	-
Categorical Special Education Aid	10-3132-000-000	624,492	-	624,492	624,492	-
Equalization Aid	10-3176-000-000	11,416,506	195,444	11,611,950	11,611,950	-
Security Aid	10-3177-000-000	87,962	-	87,962	87,962	-
PARCC Readiness Aid	10-3181-000-000	10,345	-	10,345	10,345	-
Per Pupil Growth Aid	10-3182-000-000	10,345	-	10,345	10,345	-
Professional Learning Community Aid	10-3183-000-000	10,440	-	10,440	10,440	-
Extraordinary Aid	10-3000-000-000	327,792	-	327,792	248,143	(79,649)
Nonbudgeted:						
On-Bhalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	848,306	848,306
Normal Pension Contributions		-	-	-	1,313,412	1,313,412
Long-Term Disability		-	-	-	2,142	2,142
Reimbursed TPAF Social Contributions		-	-	-	609,776	609,776
Total State Sources		12,568,371	195,444	12,763,815	15,457,802	2,693,987
Federal Sources:						
SEMI	10-4200-000-000	61,190	-	61,190	20,036	(41,154)
Total Federal Sources		61,190	-	61,190	20,036	(41,154)
Total Revenues		19,999,653	195,444	20,195,097	22,963,825	2,768,728
Expenditures:						
Current Expense:						
Kindergarten	11-110-100-101	363,442	164	363,606	363,605	1
Grades 1 - 5	11-120-100-101	1,476,433	103,355	1,579,788	1,579,787	1
Grades 6 - 8	11-130-100-101	1,107,095	(145,860)	961,235	960,808	427
Grades 9 - 12	11-140-100-101	2,070,571	114,910	2,185,481	2,184,100	1,381
Home Instruction:						
Salaries of Teachers	11-150-100-101	35,200	(10,021)	25,179	25,179	-
Purchased Professional - Educational Services	11-150-100-320	20,000	12,776	32,776	32,776	-
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	17,714	(11,695)	6,019	6,018	1
Unused Sick & Vacation	11-190-100-299	-	37,882	37,882	37,881	1
Purchased Professional - Educational Services	11-190-100-320	271,743	(79,447)	192,296	183,329	8,967
Cleaning, Repair & Maintenance Services	11-190-100-420	-	1,207	1,207	1,207	-
Rentals	11-190-100-440	-	11,502	11,502	11,502	-
Other Purchased Services	11-190-100-500	179,932	28,518	208,450	207,961	489
General Supplies	11-190-100-610	205,227	(52,114)	153,113	146,503	6,610
Textbooks	11-190-100-640	193,141	(63,435)	129,706	116,557	13,149
Other Objects	11-190-100-800	976	529	1,505	1,505	-
Total Regular Programs - Instruction		5,941,474	(51,729)	5,889,745	5,858,718	31,027
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	447,833	(2,421)	445,412	445,412	-
Other Salaries for Instruction	11-204-100-106	90,320	(6,696)	83,624	83,623	1
General Supplies	11-204-100-610	8,584	(1,796)	6,788	6,785	3

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Textbooks	11-204-100-640	-	7,600	7,600	7,600	-
Total Learning and/or Language Disabilities		546,737	(3,313)	543,424	543,420	4
Behavioral Disabilities:						
Salaries of Teachers	11-209-100-101	103,746	5,379	109,125	109,125	-
Other Salaries for Instruction	11-209-100-106	43,958	25,627	69,585	69,585	-
General Supplies	11-209-100-610	4,292	(3,085)	1,207	1,200	7
Total Behavioral Disabilities		151,996	27,921	179,917	179,910	7
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	203,325	54,219	257,544	257,544	-
Other Salaries for Instruction	11-212-100-106	26,567	29,352	55,919	55,847	72
General Supplies	11-212-100-610	3,219	(1,073)	2,146	2,145	1
Textbooks	11-212-100-640	-	2,460	2,460	2,458	2
Total Multiple Disabilities		233,111	84,958	318,069	317,994	75
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	195,909	(52,564)	143,345	143,345	-
Other Salaries for Instruction	11-213-100-106	94,624	(13,679)	80,945	80,943	2
General Supplies	11-213-100-610	3,219	(2,654)	565	564	1
Total Resource Room/Resource Center		293,752	(68,897)	224,855	224,852	3
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-216-100-101	46,236	(1,369)	44,867	44,867	-
Other Salaries for Instruction	11-215-100-106	-	23,195	23,195	23,195	-
General Supplies	11-216-100-610	2,073	(2,073)	-	-	-
Total Preschool Disabilities - Part-Time		48,309	19,753	68,062	68,062	-
Total Special Education		1,273,905	60,422	1,334,327	1,334,238	89
Basic Skills/Remedial:						
Other Salaries for Instruction	11-230-100-106	22,460	(22,460)	-	-	-
General Supplies	11-230-100-610	3,078	(2,272)	806	804	2
Total Basic Skills/Remedial		25,538	(24,732)	806	804	2
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	10,080	(10,080)	-	-	-
General Supplies	11-240-100-610	436	(436)	-	-	-
Total Bilingual Education - Instruction		10,516	(10,516)	-	-	-
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	61,804	(3,454)	58,350	58,350	-
Purchased Services	11-401-100-500	2,300	(427)	1,873	1,872	1
Supplies and Materials	11-401-100-600	1,000	(1,000)	-	-	-
Transfer to cover Deficit	11-401-100-930	4,000	(2,396)	1,604	1,604	-
Total School Sponsored Cocurricular Activities		69,104	(7,277)	61,827	61,826	1
School Sponsored Athletics - Instruction:						
Salaries of Teachers	11-402-100-100	288,998	(24,426)	264,572	261,360	3,212
Purchased Services	11-402-100-500	113,000	(25,859)	87,141	72,055	15,086
Supplies and Materials	11-402-100-600	70,800	3,078	73,878	63,512	10,366
Other Objects	11-402-100-800	20,000	7,831	27,831	14,192	13,639
Total School Sponsored Athletics - Instruction		492,798	(39,376)	453,422	411,119	42,303
Before/After School Programs - Instruction:						
Salaries of Teachers	11-421-100-101	18,500	-	18,500	-	18,500

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Total Before/After School Programs - Instruction		18,500	-	18,500	-	18,500
Summer School - Instruction:						
Salaries of Teachers	11-422-100-101	19,472	4,867	24,339	16,963	7,376
Total Summer School - Instruction		19,472	4,867	24,339	16,963	7,376
Total Instruction		7,851,307	(68,341)	7,782,966	7,683,668	99,298
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's - State Regular	11-000-100-561	150,000	106,200	256,200	256,197	3
Tuition to Other LEA's - State Special	11-000-100-562	213,522	(113,457)	100,065	100,019	46
Tuition to County Voc. School District Regular	11-000-100-563	72,540	10,296	82,836	82,836	-
Tuition to CSSD & Regular Day Schools	11-000-100-565	911,097	(43,402)	867,695	860,121	7,574
Tuition to Private Schools for the Handicapped - State	11-000-100-566	1,031,023	573,703	1,604,726	1,533,576	71,150
Tuition - State Facilities	11-000-100-568	62,227	-	62,227	62,227	-
Tuition - State Facilities	11-000-100-568	96,392	(27,555)	68,837	68,837	-
Total Undistributed Expenditures - Instruction		2,536,801	505,785	3,042,586	2,963,813	78,773
Attendance & Social Work Services:						
Salaries of Teachers	11-000-211-100	45,515	(11,070)	34,445	32,077	2,368
Purchased Professional & Technical Services	11-000-211-300	26,605	(794)	25,811	25,809	2
Other Purchased Services	11-000-211-500	500	(61)	439	-	439
Supplies and Materials	11-000-211-600	150	(106)	44	44	-
Total Attendance & Social Work Services		72,770	(12,031)	60,739	57,930	2,809
Health Services:						
Salaries	11-000-213-100	142,723	13,146	155,869	155,868	1
Purchased Professional & Technical Services	11-000-213-300	111,212	22,802	134,014	134,012	2
Other Purchased Services (400-500 series)	11-000-213-500	340	(340)	-	-	-
Supplies and Materials	11-000-213-600	11,219	(5,038)	6,181	6,178	3
Other Objects	11-000-213-800	270	(250)	20	19	1
Total Health Services		265,764	30,320	296,084	296,077	7
Other Support Services - Students - Related Services:						
Salaries of Other Professional Staff	11-000-216-100	73,441	42,582	116,023	113,872	2,151
Purchased Educational Services	11-000-216-320	114,962	(246)	114,716	107,567	7,149
Supplies and Materials	11-000-216-600	1,246	(796)	450	449	1
Total Other Support Services - Students - Related Services		189,649	41,540	231,189	221,888	9,301
Special Education - Extraordinary Services						
Salaries	11-000-217-100	48,687	45,167	93,854	92,147	1,707
Purchased Professional - Educational Services	11-000-217-320	-	1,900	1,900	-	1,900
Total Special Education - Extraordinary Services		48,687	47,067	95,754	92,147	3,607
Other Support Services - Guidance:						
Salaries of Other Professional Staff	11-000-218-104	210,361	77,389	287,750	287,749	1
Salaries of Secretarial & Clerical Assistants	11-000-218-105	23,531	(265)	23,266	23,265	1
Purchased Professional - Educational Services	11-000-218-320	3,500	(1,303)	2,197	2,196	1
Other Purchased Professional & Tech. Services	11-000-218-390	7,825	-	7,825	7,825	-
Other Purchased Services	11-000-218-500	6,575	2,067	8,642	8,642	-
Supplies and Materials	11-000-218-600	11,530	(7,301)	4,229	4,229	-
Other Objects	11-000-218-800	200	25	225	225	-
Total Other Support Services - Guidance		263,522	70,612	334,134	334,131	3
Other Support Services - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	223,058	84,294	307,352	307,351	1

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Salaries of Secretarial & Clerical Assistants	11-000-219-105	39,469	47,081	86,550	86,549	1
Unused Sick & Vacation	11-000-219-299	-	7,238	7,238	7,238	-
Purchased Professional - Educational Services	11-000-219-320	20,635	18,711	39,346	36,612	2,734
Other Purchased Services	11-000-219-592	1,150	243	1,393	1,392	1
Supplies and Materials	11-000-219-600	12,938	(10,342)	2,596	2,501	95
Other Objects	11-000-219-800	1,050	(1,050)	-	-	-
Total Other Support Services - Child Study Teams		298,300	146,175	444,475	441,643	2,832
Improvement of Instruction Services/Other Support						
Services - Instruction Staff:						
Salaries	11-000-221-102	23,040	(752)	22,288	22,288	-
Salaries of Other Professional Staff	11-000-221-104	97,716	27,334	125,050	124,654	396
Salaries of Secretarial & Clerical Assistants	11-000-221-105	-	23,265	23,265	23,265	-
Salaries of Facilitators, Math & Literary Coaches	11-000-221-176	67,412	5,032	72,444	72,442	2
Unused Sick & Vacation	11-000-221-199	-	14,213	14,213	14,213	-
Other Purchased Services	11-000-221-500	2,000	(1,282)	718	717	1
Supplies and Materials	11-000-221-600	9,000	(6,236)	2,764	2,764	-
Other Objects	11-000-221-800	2,019	(2,019)	-	-	-
Total Improvement of Instruction Services/ Other Support Services Instructional Staff		201,187	59,555	260,742	260,343	399
Educational Media Services/School Library:						
Salaries	11-000-222-100	79,452	(1,058)	78,394	78,394	-
Salaries of Technology Coordinators	11-000-222-177	3,376	96,364	99,740	99,738	2
Purchased Professional & Technical Services	11-000-222-300	206,304	(205,065)	1,239	1,239	-
Other Purchased Services	11-000-222-500	1,000	23,223	24,223	24,222	1
Supplies and Materials	11-000-222-600	17,710	(17,032)	678	677	1
Total Educational Media Services/Library		307,842	(103,568)	204,274	204,270	4
Instructional Staff Training Services:						
Salaries of Other Professional Staff	11-000-223-104	-	26,455	26,455	26,455	-
Salaries of Secretarial & Clerical Assistants	11-000-223-105	-	23,266	23,266	23,265	1
Purchased Professional & Educational Services	11-000-223-320	-	900	900	900	-
Other Purchased Services	11-000-223-500	7,750	(3,746)	4,004	4,004	-
Supplies & Materials	11-000-223-600	500	(236)	264	254	10
Total Instructional Staff Training Services		8,250	46,639	54,889	54,878	11
Support Services General Administration:						
Salaries	11-000-230-100	253,062	(61,118)	191,944	191,794	150
Unused Sick & Vacation	11-000-230-299	-	10,840	10,840	10,840	-
Legal Services	11-000-230-331	30,000	14,321	44,321	44,320	1
Audit Fees	11-000-230-332	26,900	(2,385)	24,515	24,515	-
Other Purchased Professional Services	11-000-230-339	6,800	376	7,176	2,804	4,372
Communications/Telephone	11-000-230-530	96,399	52,963	149,362	145,513	3,849
BOE Other Purchased Services	11-000-230-585	4,000	2,135	6,135	6,135	-
Other Purchased Services	11-000-230-590	34,296	91,826	126,122	126,121	1
Supplies and Materials	11-000-230-610	10,261	(2,376)	7,885	7,824	61
BOE In-House Training/Meeting Supplies	11-000-230-630	1,817	333	2,150	2,000	150
Miscellaneous Expenditures	11-000-230-890	4,800	1,876	6,676	6,675	1
BOE Membership Dues & Fees	11-000-230-895	11,707	(2,325)	9,382	9,381	1
Total Support Services General Administration		480,042	106,466	586,508	577,922	8,586
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	524,346	21,978	546,324	546,322	2
Salaries of Other Professional Staff	11-000-240-104	-	10,272	10,272	5,472	4,800
Salaries of Secretarial & Clerical Assistants	11-000-240-105	167,576	(464)	167,112	167,110	2
Other Purchased Services	11-000-240-500	19,277	(5,637)	13,640	13,353	287
Supplies and Materials	11-000-240-600	14,789	(1,928)	12,861	11,552	1,309
Other Objects	11-000-240-800	6,900	728	7,628	7,627	1
Total Support Services School Administration		732,888	24,949	757,837	751,436	6,401

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Central Services:						
Salaries	11-000-251-100	271,317	(48,458)	222,859	222,858	1
Purchased Professional & Technical Services	11-000-251-340	24,448	(13,203)	11,245	11,245	-
Miscellaneous Purchased Services	11-000-251-592	1,260	700	1,960	700	1,260
Supplies and Materials	11-000-251-600	2,983	284	3,267	1,748	1,519
Other Objects	11-000-251-890	1,415	1,480	2,895	2,895	-
Total Central Services		301,423	(59,197)	242,226	239,446	2,780
Administrative Information Technology:						
Purchased Technical Services	11-000-252-330	25,570	97,717	123,287	123,286	1
Other Purchased Services	11-000-252-500	124,714	(104,754)	19,960	16,388	3,572
Supplies and Materials	11-000-252-600	4,534	(51)	4,483	4,483	-
Other Objects	11-000-252-800	500	(13)	487	425	62
Total Administrative Information Technology		155,318	(7,101)	148,217	144,582	3,635
Allowable Maintenance for School Facilities:						
Salaries	11-000-261-100	87,172	5,687	92,859	92,855	4
Cleaning, Repair & Maintenance Services	11-000-261-420	221,531	(13,461)	208,070	158,667	49,403
General Supplies	11-000-261-610	42,397	3,595	45,992	43,922	2,070
Total Allowable Maintenance for School Facilities		351,100	(4,179)	346,921	295,444	51,477
Operation & Maintenance of Plant Services & School Facilities:						
Salaries	11-000-262-100	406,988	(9,503)	397,485	397,181	304
Salaries of Non-Instructional Aides	11-000-262-107	48,992	(12,696)	36,296	35,214	1,082
Unused Sick & Vacation	11-000-262-199	-	1,181	1,181	1,181	-
Purchased Professional & Technical Services	11-000-262-300	-	129	129	129	-
Other Purchased Services	11-000-262-390	-	2,638	2,638	2,637	1
Other Purchased Services	11-000-262-490	75,000	(38,790)	36,210	36,209	1
Cleaning, Repair & Maintenance Services	11-000-262-420	75,000	(6,023)	68,977	68,977	-
Insurance	11-000-262-520	265,610	(7,095)	258,515	258,515	-
General Supplies	11-000-262-610	19,500	51,014	70,514	70,415	99
Energy (Natural Gas)	11-000-262-621	110,250	22,432	132,682	132,682	-
Energy (Electricity)	11-000-262-622	198,005	13,384	211,389	211,016	373
Other Objects	11-000-262-800	-	100	100	100	-
Total Operation & Maintenance of Plant Services & School Facilities		1,199,345	16,771	1,216,116	1,214,256	1,860
Care & Upkeep of Grounds:						
Salaries	11-000-263-100	92,744	(37,586)	55,158	55,157	1

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Cleaning, Repair & Maintenance Services	11-000-263-420	80,000	(2,735)	77,265	77,263	2
Supplies and Materials	11-000-263-610	9,500	3,194	12,694	12,693	1
Total Care & Upkeep of Grounds		182,244	(37,127)	145,117	145,113	4
Student Transportation Services:						
Salaries of Non-Instructional Aides	11-000-270-107	96,857	(39,388)	57,469	57,468	1
Salaries for Pupil Transportation						
(Between Home & School) - Regular	11-000-270-160	143,494	(70,088)	73,406	73,405	1
(Between Home & School) - Special	11-000-270-161	185,374	(79,336)	106,038	105,855	183
Salaries for Pupil Transportation						
(Other Than Between Home & School)	11-000-270-162	36,498	(302)	36,196	36,193	3
Cleaning, Repair & Maintenance Services	11-000-270-420	31,400	(16,842)	14,558	14,558	-
Rental - School Buses	11-000-270-442	-	3,660	3,660	1,160	2,500
Lease Purchase - School Buses	11-000-270-443	131,290	(15,900)	115,390	106,983	8,407
Contracted Services (Aid in Lieu of Payments) - (Choice Schools)	11-000-270-505	21,641	(5,215)	16,426	16,425	1
Contracted Services (Between Home & School) - Vendors	11-000-270-511	2,600	3,714	6,314	6,313	1
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	18,000	(5,833)	12,167	12,167	-
Contracted Services (Between Home & School) - Joint Agreement	11-000-270-513	-	1,164	1,164	-	1,164
Contracted Services (Special Education Students)	11-000-270-515	508,503	164,672	673,175	673,174	1
Miscellaneous Purchased Services - Transportation	11-000-270-593	37,788	(2,322)	35,466	35,466	-
General Supplies	11-000-270-610	1,000	(680)	320	320	-
Transportation Supplies	11-000-270-615	15,000	1,884	16,884	16,577	307
Miscellaneous Expenditures	11-000-270-800	400	(400)	-	-	-
Total Student Transportation Services		1,229,845	(61,212)	1,168,633	1,156,064	12,569
Unallocated Benefits - Employee Benefits:						
Social Security Contributions - Other	11-000-291-220	269,431	(21,842)	247,589	205,447	42,142
Other Retirement Contributions	11-000-291-241	247,833	15,733	263,566	263,565	1
Unemployment Compensation	11-000-291-250	80,909	22,718	103,627	69,377	34,250
Workmen's Compensation	11-000-291-260	269,936	(22,288)	247,648	247,648	-
Health Benefits	11-000-291-270	3,546,076	(144,410)	3,401,666	3,379,688	21,978
Tuition Reimbursements	11-000-291-280	12,780	(2,025)	10,755	6,076	4,679
Other Employee Benefits	11-000-291-290	14,879	(6,954)	7,925	6,933	992
Unused Sick Paymet to Terminaed Staff	11-000-291-299	56,892	(56,892)	-	-	-
Total Unallocated Benefits - Employee Benefits		4,498,736	(215,960)	4,282,776	4,178,734	104,042
Nonbudgeted:						
Post-Retirement Medical Contributions		-	-	-	848,306	(848,306)
Normal Pension Contributions		-	-	-	1,313,412	(1,313,412)
Long Term Disability		-	-	-	2,142	(2,142)
Reimbursed TPAF Social Security Contributions		-	-	-	609,776	(609,776)
Total Undistributed Expenditures		13,323,713	595,504	13,919,217	16,403,753	(2,484,536)
Total Expenditures - Current Expense		21,175,020	527,163	21,702,183	24,087,421	(2,385,238)

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Capital Outlay:						
Equipment:						
Kindergarten	12-110-100-730	-	5,291	5,291	5,291	-
Grades 1-5	12-120-100-730	-	23,248	23,248	23,248	-
Grades 6-8	12-130-100-730	-	12,295	12,295	12,295	-
Grades 9-12	12-140-100-730	-	17,957	17,957	17,957	-
Undistributed Expenditures:						
Admin Information Technology	12-000-252-730	-	70,603	70,603	70,550	53
Required Maintenance for Schools	12-000-261-730	-	79,800	79,800	59,900	19,900
Total Equipment		-	209,194	209,194	189,241	19,953
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):						
School Buses		-	-	-	232,396	(232,396)
Total Assets Acquired Under Capital Leases (Nonbudgeted):		-	-	-	232,396	(232,396)
Total Capital Outlay		7,471	209,194	216,665	429,108	(212,443)
Transfers to Charter Schools		-	137,545	137,545	137,545	-
Total Expenditures		21,182,491	873,902	22,056,393	24,654,074	(2,597,681)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures Before Other Financing Sources/(Uses)		(1,182,838)	(678,458)	(1,861,296)	(1,690,249)	171,047
Other Financing Sources/(Uses):						
Capital Leases (Nonbudgeted)		-	-	-	232,396	232,396
Transfer Out - Preschool Programs	11-105-100-935	(191,731)	(43,645)	(235,376)	(235,376)	-
Total Other Financing Sources/(Uses)		(191,731)	(43,645)	(235,376)	(2,980)	232,396
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures After Other Financing Sources/(Uses)		(1,374,569)	(722,103)	(2,096,672)	(1,693,229)	403,443
Fund Balances, July 1		2,233,359	-	2,233,359	2,233,359	-
Fund Balances, June 30		\$ 858,790	\$ (722,103)	\$ 136,687	\$ 540,130	\$ 403,443

RECAPITULATION OF BUDGET TRANSFERS:

Prior Year Reserve for Encumbrances	\$ 722,103
Total Budget Transfers	<u>\$ 722,103</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Excess Surplus	\$ -
Assigned Fund Balance:	
Year-End Encumbrances	19,900
Designated for Subsequent Year's Expenditures	386,687
Unassigned Fund Balance	<u>133,543</u>
Subtotal	<u>540,130</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(1,152,760)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ (612,630)</u>

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
REVENUES:					
State Sources	\$ 179,176	\$ -	\$ 179,176	\$ 262,814	\$ 83,638
Federal Sources	1,351,460	1,041,731	2,393,191	1,471,416	(921,775)
Local Sources	-	13,670	13,670	33,524	19,854
Total Revenues	1,530,636	1,055,401	2,586,037	1,767,754	(818,283)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	642,582	131,674	774,256	681,041	93,215
Other Salaries for Instruction	184,556	122,307	306,863	277,654	29,209
Purchased Professional - Educational Services	24,175	20,704	44,879	11,708	33,171
Other Purchased Services	68,400	44,508	112,908	82,112	30,796
Tuition	209,601	120,117	329,718	318,965	10,753
Supplies	21,679	139,930	161,609	23,647	137,962
Miscellaneous	-	1,490	1,490	1,490	-
Total Instruction	1,150,993	580,730	1,731,723	1,396,617	335,106
Support Services:					
Salaries of Teachers	159,358	(34,065)	125,293	39,043	86,250
Salaries of Other Professional Staff	13,308	87,708	101,016	75,592	25,424
Personal Services - Employee Benefits	191,725	170,749	362,474	301,810	60,664
Purchased Professional - Educational Services	1,644	70,164	71,808	68,508	3,300
Other Purchased Services	-	-	-	-	-
Contracted Services (Other Than Between Home and School) - Vendors	-	-	-	-	-
Travel	-	858	858	261	597
Supplies	13,608	903	14,511	11,864	2,647
Miscellaneous	-	6,237	6,237	2,965	3,272
Total Support Services	379,643	302,554	682,197	500,043	182,154
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	27,427	27,427	17,860	9,567
Non-Instructional Equipment	-	144,690	144,690	88,610	56,080
Total Facilities Acquisition & Construction Services	-	172,117	172,117	106,470	65,647
Total Expenditures	1,530,636	1,055,401	2,586,037	2,003,130	582,907
Other Financing Sources (Uses):					
Transfer from General Fund	-	-	-	235,376	235,376

PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Total Other Financing Sources (Uses):	-	-	-	235,376	235,376
Total Outflows	1,530,636	1,055,401	2,586,037	1,767,754	818,283
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, 2018**

**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)	\$ 22,963,825	\$ 2,003,130
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	1,123,382	17,917
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	(1,152,760)	-
	\$ 22,934,447	\$ 2,021,047
Total Revenue as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds		
	\$ 22,934,447	\$ 2,021,047
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 24,654,074	\$ 2,003,130
	\$ 24,654,074	\$ 2,003,130
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		
	\$ 24,654,074	\$ 2,003,130

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 FIVE FISCAL YEARS*

	2017	2016	2015	2014	2013
School District's proportion of the net pension liability	0.02653%	0.02483%	0.02477%	0.02812%	0.02897%
School District's proportionate share of the net pension liability	\$ 6,175,380	\$ 7,355,195	\$ 5,561,163	\$ 5,265,350	\$ 5,536,666
School District's covered payroll	\$ 1,831,650	\$ 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	337.15%	412.87%	281.19%	252.70%	260.25%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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, governments 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 FIVE FISCAL YEARS**

	<u>2018</u>	<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	\$ 218,280
Contributions in relation to the contractually required contribution	<u>(245,757)</u>	<u>(220,624)</u>	<u>(212,986)</u>	<u>(231,840)</u>	<u>(218,280)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 1,720,978	\$ 1,831,650	\$ 1,781,473	\$ 1,977,711	\$ 2,083,604
Contributions as a percentage of covered payroll	14.28%	12.05%	11.96%	11.72%	10.48%

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 FIVE FISCAL YEARS*

	2017	2016	2015	2014	2013
School District's proportion of the net pension liability	0.00%	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	58,712,203	70,233,961	57,207,332	50,441,713	50,441,713
	<u>\$ 58,712,203</u>	<u>\$ 70,233,961</u>	<u>\$ 57,207,332</u>	<u>\$ 50,441,713</u>	<u>\$ 50,441,713</u>
School District's covered payroll	\$ 8,565,005	\$ 9,003,558	\$ 9,451,683	\$ 9,575,426	\$ 9,575,426
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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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, governments should present information for those years for which information is available.

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT BENEFITS
(GASB 75)**

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PAULSBORO SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR*

	2018
Total OPEB Liability Associated with the School District	
Service Cost	\$ 1,994,487
Interest Cost	1,798,960
Changes of Assumptions	(7,170,387)
Contributions: Member	48,707
Gross Benefit Payments	(1,322,753)
Net Change in Total OPEB Liability	(4,650,986)
Total OPEB Liability (Beginning)	61,759,461
Total OPEB Liability (Ending)	\$ 57,108,475
District's Covered Employee Payroll	\$ 10,285,983
District's Net OPEB Liability as a Percentage of Payroll	555%

Note - 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, governments should present information for those years for which information is available.

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**PAULSBORO SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98 % as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

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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, 2018**

	<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	\$ 669,887	\$ 71,261	\$ 9,615	\$ 349,118	\$ 13,369	\$ 358,166
Total Revenues	<u>\$ 669,887</u>	<u>\$ 71,261</u>	<u>\$ 9,615</u>	<u>\$ 349,118</u>	<u>\$ 13,369</u>	<u>\$ 358,166</u>
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 342,967	\$ 54,092	\$ 8,848	\$ 7,168	\$ 1,792	\$ 48,411
Other Salaries for Instruction	194,665	-	-	3,167	1,688	24,199
Purchased Professional - Educational Services	-	-	-	11,708	-	-
Tuition	-	-	-	318,965	-	-
Supplies	862	-	-	-	-	17,185
Total Instruction	<u>538,494</u>	<u>54,092</u>	<u>8,848</u>	<u>341,008</u>	<u>3,480</u>	<u>89,795</u>
Support Services:						
Salaries of Teachers	-	-	-	4,624	816	-
Salaries of Other Professional Staff	224	-	-	2,174	-	66,150
Personal Services-Employee Benefits	123,129	17,169	767	1,312	328	32,769
Purchased Professional - Educational Services	-	-	-	-	8,745	59,763
Other Purchased Services	-	-	-	-	-	2,965
Supplies	8,040	-	-	-	-	-
Travel	-	-	-	-	-	254
Total Support Services	<u>131,393</u>	<u>17,169</u>	<u>767</u>	<u>8,110</u>	<u>9,889</u>	<u>161,901</u>
Facilities Acquisition & Construction Services:						
Instructional Equipment	-	-	-	-	-	17,860
Non-Instructional Equipment	-	-	-	-	-	88,610
Total Facilities Acquisition & Construction Services:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,470</u>
Total Expenditures	<u>\$ 669,887</u>	<u>\$ 71,261</u>	<u>\$ 9,615</u>	<u>\$ 349,118</u>	<u>\$ 13,369</u>	<u>\$ 358,166</u>

PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2018

		NON-PUBLIC AID									
		HANDICAPPED SERVICES (CH. 193)					AUXILIARY SERVICES (CH. 192)				
		SUPPLEMENTAL INSTRUCTION	EXAM CLASSIFICATION	CORRECTIVE SPEECH	COMPENSATORY EDUCATION	ESL	TRANSPORT	SECURITY	TECHNOLOGY	NURSING	
Revenues:	State Sources	\$ 11,576	\$ 11,458	\$ 4,821	\$ 34,546	\$ 1,084	\$ 1,841	\$ 8,250	\$ 3,906	\$ 8,536	
	Total Revenues	\$ 11,576	\$ 11,458	\$ 4,821	\$ 34,546	\$ 1,084	\$ 1,841	\$ 8,250	\$ 3,906	\$ 8,536	
Expenditures:	Instruction:										
	Purchased Professional - Educational Services	\$ 11,576	\$ 11,458	\$ 4,821	\$ 34,546	\$ 1,084	\$ 1,841	\$ 8,250	\$ -	\$ 8,536	
	Supplies	-	-	-	-	-	-	-	3,906	-	
	Total Instruction	11,576	11,458	4,821	34,546	1,084	1,841	8,250	3,906	8,536	
	Total Expenditures	\$ 11,576	\$ 11,458	\$ 4,821	\$ 34,546	\$ 1,084	\$ 1,841	\$ 8,250	\$ 3,906	\$ 8,536	

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	PRESCHOOL EDUCATION PROGRAM <u>AID</u>	AEP COUNTY <u>GRANT</u>	TEACHER OF THE YEAR	EARN TO LEARN	STEAM AT BECC	<u>TOTAL</u>
Revenues:						
State Sources	\$ 176,796	\$ -	\$ -	\$ -	\$ -	\$ 262,814
Federal Sources	-	-	-	-	-	1,471,416
Local Sources	-	22,232	-	7,468	3,824	33,524
Total Revenues	\$ 176,796	\$ 22,232	\$ -	\$ 7,468	\$ 3,824	\$ 1,767,754
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 202,835	\$ 9,984	\$ -	\$ 4,944	\$ -	\$ 681,041
Other Salaries for Instruction	53,935	-	-	-	-	277,654
Purchased Professional - Educational Services	-	-	-	-	-	93,820
Tuition	-	-	-	-	-	318,965
Supplies	1,310	-	-	384	-	23,647
Miscellaneous	-	-	-	1,490	-	1,490
Total Instruction	258,080	9,984	-	6,818	-	1,396,617
Support Services:						
Salaries of Other Professional Staff	3,740	3,304	-	-	-	75,592
Salaries of Teachers	24,659	8,944	-	-	-	39,043
Personal Services - Employee Benefits	125,693	-	-	650	-	301,817
Purchased Professional - Educational Services	-	-	-	-	-	68,508
Other Purchased Services	-	-	-	-	-	2,965
Travel	-	-	-	-	-	254
Supplies	-	-	-	-	3,824	11,864
Total Support Services	154,092	12,248	-	650	3,824	500,043
Facilities Acquisition & Construction Services:						
Instructional Equipment	-	-	-	-	-	17,860
Non-Instructional Equipment	-	-	-	-	-	88,610
Total Facilities Acquisition & Construction Services:	-	-	-	-	-	106,470
Total Expenditures	412,172	22,232	-	7,468	3,824	2,003,130
Other Financing Sources (Uses):						
Transfer from General Fund	235,376	-	-	-	-	235,376
Total Outflows	\$ 176,796	\$ 22,232	\$ -	\$ 7,468	\$ 3,824	\$ 1,767,754

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 202,836	\$ 202,835	\$ 1
Other Salaries for Instruction	53,935	53,935	-
Supplies	1,310	1,310	-
	<hr/>	<hr/>	<hr/>
Total Instruction	258,081	258,080	1
	<hr/>	<hr/>	<hr/>
Support Services:			
Salaries of Teachers	28,399	28,399	-
Personal Services - Employee Benefits	128,723	125,693	3,030
	<hr/>	<hr/>	<hr/>
Total Support Services	157,122	154,092	3,030
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 415,203</u>	<u>\$ 412,172</u>	<u>\$ 3,031</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2017-2018 Preschool Education Aid Allocation	\$ 176,796
Add: Budgeted Transfer from General Fund - Local Contribution	235,376
Add: Actual Preschool Education Aid Carryover (June 30, 2017)	<hr/> 6
Total Preschool Education Aid Funds Available for 2016-2017 Budget	412,178
Less: 2017-2018 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<hr/> (415,203)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	(3,025)
Add: June 30, 2018 Unexpended Preschool Education Aid Funds	<hr/> 3,031
2017-2018 Actual Carryover - Preschool Education Aid Funds	<hr/> <u>\$ 6</u>
2017-2018 Preschool Education Aid Funds Carryover Budgeted in 2018-2019	<hr/> <u>\$ -</u>

F. Capital Projects Fund

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**PAULSBORO SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ORIGINAL DATE	PROJECT TITLE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE 6/30/2018
			PRIOR YEARS	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	1,579,165	1,564	918,240
2015	Billingsport Elementary School - Unbundled Project, Exterior Closure, Plumbing	729,479	435,132	290	294,057
2015	Paulsboro High School - Unbundled Project, Exterior Closure, Plumbing	3,771,750	1,093,898	1,286,723	1,391,129
2015	Paulsboro High School Track Improvements	798,272	57,107	277	740,888
2015	Loudenslager Elementary School Basketball Courts	325,000	22,619	-	302,381
Total		\$ 8,780,040	\$ 3,812,529	\$ 1,288,854	\$ 3,678,657

Reconciliation to Governmental Funds (GAAP):

Less: Unearned SDA Revenue

(1,856,365)

Fund Balance (Exh. B-1)

\$ 1,822,292

**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, 2018**

Expenditures & Other Financing Uses:	
Purchased Professional Services	\$ 22,299
Construction Services	<u>1,266,555</u>
Total Expenditures	<u>1,288,854</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,288,854)
Fund Balance - Beginning	<u>4,967,511</u>
Fund Balance - Ending	<u><u>\$ 3,678,657</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, 2018**

	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	

**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, 2018**

	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	6/30/2015
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, 2018**

	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	217,776	1,564	219,340	226,830
Construction Services	1,360,767	-	1,360,767	2,267,307
Miscellaneous	622	-	622	4,832
Total Expenditures	1,579,165	1,564	1,580,729	2,498,969
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 919,804	\$ (1,564)	\$ 918,240	\$ -

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	63.26%
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, 2018**

	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	101,518	290	101,808	88,308
Construction Services	333,481	-	333,481	639,829
Miscellaneous	133	-	133	1,342
Total Expenditures	435,132	290	435,422	729,479
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 294,347	\$ (290)	\$ 294,057	\$ -

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	59.69%
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, 2018**

	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	269,992	20,168	290,160	244,183
Construction Services	823,743	1,266,555	2,090,298	3,520,320
Miscellaneous	163	-	163	7,247
Total Expenditures	1,093,898	1,286,723	2,380,621	3,771,750
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 2,677,852	\$ (1,286,723)	\$ 1,391,129	\$ -

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	63.12%
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, 2018**

	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	57,107	277	57,384	63,900
Construction Services	-	-	-	734,372
Total Expenditures	57,107	277	57,384	798,272
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 741,165	\$ (277)	\$ 740,888	\$ -

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	7.19%
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
REPAIR AND RESURFACE THE BASKETBALL COURTS, NETS, FENCING, REGARDING, DRAINAGE
DUGOUTS AND GRASSES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	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	22,619	-	22,619	26,000
Construction Services	-	-	-	299,000
Total Expenditures	22,619	-	22,619	325,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 302,381	\$ -	\$ 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, 2018**

	<u>FOOD SERVICE</u>
ASSETS	
Current Assets:	
Accounts Receivable:	
State	\$ 510
Federal	45,028
Other	
Interfund Accounts Receivable	40,469
Inventories	19,115
	<hr/>
Total Current Assets	105,122
	<hr/>
Noncurrent assets:	
Furniture, Machinery & Equipment	102,082
Less: Accumulated Depreciation	(93,933)
	<hr/>
Total Noncurrent Assets	8,149
	<hr/>
Total Assets	113,271
	<hr/>
LIABILITIES	
Accounts Payable	36,521
Interfund Payable	3,265
Unearned Revenue	7,710
Long-Term Liabilities:	
Compensated Absences Payable	13,191
	<hr/>
Total Liabilities	60,687
	<hr/>
NET POSITION	
Net Investment in Capital Assets	8,149
Unrestricted	44,435
	<hr/>
Total Net Position	\$ 52,584
	<hr/> <hr/>

**PAULSBORO SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2018**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 3,348
Daily Sales - Nonreimbursable Programs	29,342
	<hr/>
Total Operating Revenues	32,690
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	393,603
Cost of Sales - Non-Reimbursable programs	19,071
Salaries	230,802
Employee Benefits	85,878
Supplies & Materials	84,939
Management Fee	39,353
Other Miscellaneous	29,022
Depreciation	836
	<hr/>
Total Operating Expenses	883,504
	<hr/>
Operating Income/(loss)	(850,814)
	<hr/>
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	7,917
Federal Sources:	
National School Lunch Program	454,261
National School Lunch HHFKA	8,666
School Breakfast Program	218,471
After School Snacks	7,659
Food Distribution Program	53,394
	<hr/>
Total Nonoperating Revenues/(Expenses)	750,368
	<hr/>
Income/(Loss) Before Contributions & Transfers	(100,446)
	<hr/>
Change in Net Position	(100,446)
Total Net Position - Beginning	153,030
	<hr/>
Total Net Position - Ending	\$ 52,584
	<hr/> <hr/>

**PAULSBORO SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2018**

**FOOD
SERVICE**

Cash Flows From Operating Activities:	
Receipts from Customers	\$ (4,016)
Payments to Employees	(230,802)
Payments For Employee Benefits	(85,503)
Payments to Suppliers	<u>(613,207)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(933,528)</u>
Cash Flows From Noncapital Financing Activities:	
Cash Received from Federal & State Reimbursements	<u>691,600</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>691,600</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(241,928)
Balances - Beginning of Year	<u>241,928</u>
Balances - End of Year	<u><u>\$ -</u></u>

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

Operating Income/(Loss)	\$ (850,814)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Depreciation	836
Food Distribution Program	53,394
Changes in Assets & Liabilities:	
(Increase)/Decrease in Inventory	(1,131)
Increase/(Decrease) in Accounts Payable	(102,747)
(Increase)/Decrease in Accounts Receivable	5,916
(Increase)/Decrease in Interfund Receivable	(40,163)
Increase/(Decrease) in Interfund Payable	3,265
Increase/(Decrease) in Unearned Revenue	(2,459)
Increase/(Decrease) in Compensated Absences Payable	<u>375</u>
Total Adjustments	<u>(82,714)</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (933,528)</u></u>

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H. Fiduciary Fund

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**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

ASSETS	PRIVATE PURPOSE	AGENCY		TOTAL
	<u>SCHOLARSHIP</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	
Cash & Cash Equivalents	\$ 152,714	\$ 70,259	\$ 133,197	\$ 356,170
Interfund Receivable	250	-	-	250
Total Assets	152,964	70,259	133,197	356,420
LIABILITIES				
Payroll Deductions & Withholdings	-	-	124,491	124,491
Due to Student Groups	-	69,203	-	69,203
Interfund Payable	-	1,056	8,706	9,762
Total Liabilities	-	70,259	133,197	203,456
NET POSITION				
Held in Trust for Scholarships	152,964	-	-	152,964
Total Net Position	\$ 152,964	\$ -	\$ -	\$ 152,964

**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	PRIVATE PURPOSE <u>SCHOLARSHIP</u> FUND
ADDITIONS	
Contributions:	
Other	\$ 75,300
Total Contributions	<u>75,300</u>
Investment Earnings:	
Interest	<u>254</u>
Net Investment Earnings	<u>254</u>
Total Additions	<u>75,554</u>
DEDUCTIONS	
Scholarship Payments	<u>46,390</u>
Total Deductions	<u>46,390</u>
Change in Net Position	29,164
Net Position - Beginning of the Year	<u>123,800</u>
Net Position - End of the Year	<u><u>\$ 152,964</u></u>

**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	BALANCE JULY 1, <u>2017</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2018</u>
Elementary Schools:				
Billingsport	\$ 7,242	\$ 2,287	\$ 1,744	\$ 7,785
Loudenslager	3,641	6,549	7,129	3,061
Total Elementary Schools	<u>10,883</u>	<u>8,836</u>	<u>8,873</u>	<u>10,846</u>
High School:				
General	65,719	78,534	86,172	58,081
Athletics	-	73,731	73,455	276
Total High School	<u>65,719</u>	<u>152,265</u>	<u>159,627</u>	<u>58,357</u>
Total Student Activity	<u>\$ 76,602</u>	<u>\$ 161,101</u>	<u>\$ 168,500</u>	<u>\$ 69,203</u>

**SCHEDULE OF PAYROLL AGENCY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	BALANCE JULY 1, <u>2017</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2018</u>
Cash & Cash Equivalents	\$ 194,809	\$ 16,237,533	\$ 16,299,145	\$ 133,197
Total Assets	<u>\$ 194,809</u>	<u>\$ 16,237,533</u>	<u>\$ 16,299,145</u>	<u>\$ 133,197</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 194,809	\$ 9,141,295	\$ 9,211,613	\$ 124,491
Employees Net Payroll	-	7,087,532	7,087,532	-
Interfund Payable	-	8,706	-	8,706
Total Liabilities	<u>\$ 194,809</u>	<u>\$ 16,237,533</u>	<u>\$ 16,299,145</u>	<u>\$ 133,197</u>

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I. Long-Term Debt

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**PAULSBORO SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2018**

<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, 2017</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2018</u>
General Obligation Bonds	04/01/2015	\$ 3,132,000	4/1/2019	115,000	3.00%	\$ 2,912,000	\$ -	\$ 115,000	\$ 2,797,000
			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%				
						\$ 2,912,000	\$ -	\$ 115,000	\$ 2,797,000

**PAULSBORO SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2017</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2018</u>
2 School Buses - 24 Passenger	10/9/2015	5 years	\$ 106,098	2.34%	\$ 67,970	-	\$ 22,135	\$ 45,835
Technology Equipment	9/2/2016	4 years	462,369	1.47%	344,623	-	113,202	231,421
2 School Buses - 54 Passenger	9/2/2016	5 years	199,768	1.56%	183,511	-	44,818	138,693
2 School Buses - 54 Passenger	7/15/2017	5 years	232,396	2.186%	-	232,396	34,589	197,807
					<u>\$ 596,104</u>	<u>\$ 232,396</u>	<u>\$ 214,744</u>	<u>\$ 613,756</u>

**PAULSBORO SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	<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	\$ 200,356	\$ -	\$ 200,356	\$ 200,356	\$ -
Miscellaneous	-	-	-	23,497	23,497
	<hr/>				
Total Revenues	200,356	-	200,356	223,853	23,497
	<hr/>				
Expenditures:					
Regular Debt Service:					
Interest	90,945	-	90,945	90,945	-
Principal	115,000	-	115,000	115,000	-
	<hr/>				
Total Expenditures	205,945	-	205,945	205,945	-
	<hr/>				
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(5,589)	-	(5,589)	17,908	23,497
Fund Balance, July 1	8,582	-	8,582	8,582	-
	<hr/>				
Fund Balance, June 30	\$ 2,993	\$ -	\$ 2,993	\$ 26,490	\$ 23,497
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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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in Capital Assets	\$ 6,760,026	\$ 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
Restricted	1,848,782	2,455,511	2,777,753	3,213,715	639,243	195,093	89,965	32,235	2,329,313	1,409,742
Unrestricted	(7,567,649)	(6,047,910)	(4,795,265)	(4,852,931)	(18,864)	246,981	634,785	815,668	(1,698,969)	(1,629,233)
Total Governmental Activities Net Position	\$ 1,041,159	\$ 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
Business-Type Activities:										
Net Investment in Capital Assets	\$ 8,149	\$ 8,985	\$ 9,821	\$ 5,234	\$ 7,464	\$ 15,955	\$ 17,515	\$ 25,441	\$ 33,936	\$ 9,624
Unrestricted	44,435	144,045	105,832	78,339	(2,390)	96,785	96,583	143,129	72,562	(89,968)
Total Business-Type Activities Net Position	\$ 52,584	\$ 153,030	\$ 115,653	\$ 83,573	\$ 5,074	\$ 112,740	\$ 114,098	\$ 168,570	\$ 106,498	\$ (80,344)
Government-Wide:										
Net Investment in Capital Assets	\$ 6,768,175	\$ 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
Restricted	1,848,782	2,455,511	2,777,753	3,213,715	201,955	195,093	89,965	32,235	2,329,313	1,409,742
Unrestricted	(7,523,214)	(5,903,865)	(4,689,433)	(4,774,592)	416,034	343,766	731,368	958,797	(1,626,407)	(1,719,201)
Total District Net Position	\$ 1,093,743	\$ 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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
Business-Type Activities:										
Charges for Services:										
Food Service	32,690	37,214	29,850	24,624	62,328	71,973	71,266	83,878	86,321	115,495
Operating Grants & Contributions	750,368	766,104	758,942	768,689	584,698	535,391	527,353	454,218	507,734	513,387
Total Business Type Activities	783,058	803,318	788,792	793,313	647,026	607,364	598,619	538,096	594,055	628,882
Program Revenues										
Total District Program Revenues	\$ 10,137,030	\$ 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
Net (Expense)/Revenue:										
Governmental Activities	\$ (22,168,583)	\$ (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)
Business-Type Activities	(100,446)	37,377	32,080	78,499	(107,666)	(71,358)	(54,472)	(87,928)	(15,158)	(56,249)
Total Government-Wide Net Expense	\$ (22,269,029)	\$ (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)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 5,819,982	\$ 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
Taxes Levied for Debt Service	200,356	202,511	196,165	118,292	143,066	150,644	155,803	160,965	138,099	140,089
Unrestricted Grants & Contributions	13,593,640	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
Tuition	1,215,109	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
Miscellaneous Income	580,863	308,862	282,936	500,805	371,979	259,446	103,918	126,291	39,548	54,455
Transfers	-	-	-	-	-	(70,000)	-	(150,000)	(202,000)	(202,000)
Unallocated Adjustment to Compensated Absences	-	-	-	-	-	-	58,287	(10,401)	(66,439)	57,543
Cancellation of Account Receivable	-	-	-	-	-	-	(151,815)	-	-	-
Insurance Recovery Related to Impaired Capital Asset	-	-	-	-	92,282	-	-	-	-	-
Total Governmental Activities	21,409,950	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
Business-Type Activities:										
Transfers	-	-	-	-	-	70,000	-	150,000	202,000	202,000
Total Business-Type Activities	-	-	-	-	-	70,000	-	150,000	202,000	202,000
Total Government-Wide	\$ 21,409,950	\$ 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
Change in Net Position:										
Governmental Activities	\$ (758,633)	\$ (515,764)	\$ 1,652,531	\$ 288,347	\$ 215,928	\$ (725,295)	\$ 50,781	\$ 506,546	\$ 827,800	\$ (892,776)
Business-Type Activities	(100,446)	37,377	32,080	78,499	(107,666)	(1,358)	(54,472)	62,072	186,842	145,751
Total District	\$ (859,079)	\$ (478,387)	\$ 1,684,611	\$ 366,846	\$ 108,262	\$ (726,653)	\$ (3,691)	\$ 568,618	\$ 1,014,642	\$ (747,025)

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Restricted	\$ -	\$ 254,599	\$ 272,979	\$ 121,823	\$ 176,509	\$ 173,066	\$ 100,000	\$ 45,754	\$ 2,346,318	\$ 1,430,301
Assigned	406,587	1,842,073	1,752,539	1,649,640	1,335,222	1,239,083	1,590,172	1,463,127	-	-
Unassigned	(1,019,217)	(986,695)	-	-	-	15,181	-	-	(1,033,970)	(672,017)
Total General Fund	\$ (612,630)	\$ 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
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)	-	-	-
Capital Projects Fund	1,822,292	2,192,330	2,522,061	3,108,853	28,577	28,577	28,575	180,392	358,656	-
Debt Service Fund	26,490	8,582	7,323	1,735	2	2	-	3	2	-
Total All Other Governmental Funds	\$ 1,848,782	\$ 2,182,995	\$ 2,511,467	\$ 3,092,671	\$ 16,894	\$ 13,399	\$ 20,382	\$ 386,600	\$ 358,658	\$ -

**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
2018	\$ 4,867	\$ 1,587	\$ 27,827	\$ -	\$ 1,215,109	\$ 416,615	\$ 1,666,005
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

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	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2018	\$ 4,072,900	\$ 204,644,100	\$ 14,500	\$ 27,603,200	\$ 113,205,300	\$ 8,469,400	\$ 358,009,400	\$ -	\$ 358,009,400	1.722	\$ 372,165,290
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	361,110,300	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

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		
2018	1.722	1.722	1.375	0.035	0.667	0.042	3.841	
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	

* Reassessment

Source: Municipal Tax Collector

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

TAXPAYER	2018		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Axeon Refining, LLC	\$ 38,500,000	1	10.75%
Plains Products Terminal, LLC	38,333,400	2	10.71%
Mobil Oil Corporation	30,612,600	3	8.55%
Paulsboro Gardens & Reilly Mtg Grp	4,500,000	4	1.26%
C/O WAWA Senior Book - Corp Acct	2,075,700	5	0.58%
Sunoco, Inc. C/O KE Andrews & Co.	1,880,100	6	0.53%
Dependable Management, LLC	1,500,000	7	0.42%
J&A Properties of NJ, LLC	1,490,000	8	0.42%
Venold Johnson	1,416,900	9	0.40%
Paulsboro Equities LLC C/O CVS	1,400,000	10	0.39%
Total	<u>\$ 121,708,700</u>		<u>33.60%</u>

2009		
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 JUNE 30.	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2018	\$ 6,020,338	\$ 6,020,338	100.00%	-
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%	-

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)		
2018	\$ 2,797,000	\$ -	\$ 613,756	\$ -	\$ -	\$ 3,410,756
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

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		
2018	\$ 2,797,000	\$ -	\$ 2,797,000	0.78%	N/A
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

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017**

GOVERNMENTAL UNIT	NET DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Paulsboro	\$ 10,573,198	100.00%	\$ 10,573,198
County of Gloucester General Obligation Debt	228,443,500	1.40%	<u>3,194,608</u>
Subtotal, Overlapping Debt			13,767,806
Paulsboro School District Direct Debt			<u>2,797,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 16,564,806</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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 14,812,309	\$ 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
Total Net Debt Applicable to Limit	2,797,000	2,912,000	3,022,000	3,132,000	235,000	480,000	790,740	1,071,110	1,351,480	1,636,850
Legal Debt Margin	\$ 12,015,309	\$ 12,071,610	\$ 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

18.88%	19.43%	19.56%	19.09%	1.36%	2.65%	4.30%	5.68%	7.64%	10.52%
--------	--------	--------	--------	-------	-------	-------	-------	-------	--------

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2017	\$ 369,800,124
2016	372,524,224
2015	368,598,857
	<u>\$ 1,110,923,205</u>
Average Equalized Valuation of Taxable Property	<u>\$ 370,307,735</u>
Debt Limit (4 % of Average Equalization Value)	\$ 14,812,309
Net Bonded School Debt	<u>2,797,000</u>
Legal Debt Margin	<u>\$ 12,015,309</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 N.J.S.A. 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 operates 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>
2018	N/A	N/A	N/A	N/A
2017	5,920	N/A	N/A	8.20%
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%

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,							
	2018	2017	2016	2015	2014	2013	2012	2011
School Staff Members *	153.0	167.0	160.0	156.0	161.0	166.0	159.0	144.0
Technology	3.0	3.0	3.0	2.0	2.0	2.0	3.0	2.0
School Administration	12.0	16.0	16.0	18.0	18.0	16.0	17.0	18.0
Business Administrators Office	3.5	3.6	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	18.0	17.0	17.0	16.0	19.0	19.0	20.0
Transportation	6.5	6.0	6.0	4.0	5.0	5.0	6.0	6.0
Food Services	4.0	4.0	4.0	4.0	9.0	11.0	12.0	12.0
Total	202.0	219.6	211.0	206.0	216.0	224.0	221.0	207.0

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				
2018	1,112	\$ 25,806,808	\$ 23,208	5.81%	107	11	13	9	1,117	1,029	-1.06%	92.12%
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	-1.55%	93.27%
2015	1,160	22,830,892	20,261	12.99%	116	12	15	8	1,162	1,078	-0.17%	92.77%
2014	1,166	22,518,109	17,931	4.01%	116	12	15	8	1,164	1,080	-3.32%	92.78%

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	343	369	330	333	334	347	358	353	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	270	282	305	315	315	322	302	327	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	180	149	150	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	319	336	323	366	510	509	547	574	621	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, 2018:

- 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
2018	\$ 198,114	\$ 45,500	\$ 51,830	\$ 295,444
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

* 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, 2018**

	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, 2018, 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 February 27, 2019.

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
February 27, 2019



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, 2018. 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, 2018.

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.

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

Medford, New Jersey
February 27, 2019

PAULSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	BALANCE, JUNE 30, 2018	
										(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
93.778	1705NJSMAP	100-054-7540-211	\$ 20,056	7/1/17-6/30/18	\$ -	20,056	(20,056)	-	-	\$ -	\$ -
					(13,645)	203,527	(218,471)	-	-	(14,944)	-
					(13,645)	13,645	(218,471)	-	-	(14,944)	-
					(13,645)	217,172	(218,471)	-	-	(14,944)	-
					-	424,974	(454,261)	-	-	(29,287)	-
					(25,248)	25,248	(7,659)	-	-	(239)	-
					(332)	7,420	(8,666)	-	-	(558)	-
					(492)	8,108	(43,225)	-	-	-	7,710
					10,169	50,935	(10,169)	-	-	-	7,710
					(15,903)	517,509	(523,980)	-	-	(30,084)	7,710
					(29,548)	734,681	(742,451)	-	-	(45,028)	7,710
					(29,548)	734,681	(742,451)	-	-	(45,028)	7,710
					-	260,462	(349,118)	-	-	(88,656)	-
					(42,831)	42,831	-	-	-	-	3,275
					(39,556)	303,293	(349,118)	-	-	(88,656)	3,275
					-	4,625	(13,369)	-	-	(8,744)	-
					-	4,625	(13,369)	-	-	(8,744)	-
					(39,556)	307,918	(362,487)	-	-	(97,400)	3,275
					-	415,880	(669,887)	-	-	(254,007)	-
					(25,903)	25,903	-	-	-	-	-
					(30,804)	30,804	-	-	-	-	-
					(56,707)	472,587	(669,887)	-	-	(254,007)	-
					-	5,615	(9,615)	-	-	(4,000)	-
					(2,659)	5,615	(9,615)	-	-	(4,000)	-
					(2,659)	5,615	(9,615)	-	-	(4,000)	-
					-	44,361	(71,261)	-	-	(26,900)	-
					(4,138)	4,138	-	-	-	-	-
					(4,138)	48,499	(71,261)	-	-	(26,900)	-
					1,050	-	-	-	-	-	1,050
					1,050	-	-	-	-	-	1,050
					-	155,424	(358,166)	-	-	(202,742)	-
					(28,214)	28,214	-	-	-	-	-
					(28,214)	183,638	(358,166)	-	-	(202,742)	-
					(2,475)	-	-	-	-	2,475	-
					(2,475)	-	-	-	-	2,475	-
					(132,699)	1,018,257	(1,471,416)	-	-	5,134	(585,049)
					(162,247)	1,772,974	(2,233,903)	-	-	5,134	(630,077)
					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,035

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, 2018

GRANT OR STATE PROJECT NUMBER	STATE GRANTEE PROGRAM TITLE OR CLUSTER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS BALANCES	ADJUSTMENT	BALANCE JUNE 30, 2018		MEMO BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
										ACCOUNTS RECEIVABLE	UNEARNED REVENUE		
100-010-3350-023	Enterprise Fund - Lunch Program	7,917	7/1/17-6/30/18	-	7,407	(7,917)	-	-	-	(510)	-	-	7,917
100-010-3350-023	National School Lunch Program	8,165	7/1/16-6/30/17	(447)	447	-	-	-	-	-	-	-	-
	National School Lunch Program			(447)	7,854	(7,917)	-	-	-	(510)	-	-	7,917
	Total Enterprise Fund												
	Total State Financial Assistance			\$ (2,456,652)	\$ 15,750,345	\$ (16,647,349)	\$ -	\$ -	\$ 219	\$ (5,203)	\$ 2,374	\$ -	\$ 16,647,349

New Jersey Department of Agriculture
Enterprise Fund
National School Lunch Program
National School Lunch Program
Total Enterprise Fund

Total State Financial Assistance
State Financial Assistance Programs not subject to Calculation for Major Program Determination:
TPAF - Post Retirement \$ 848,306
Medical (Noncash Assistance) \$ 848,306
TPAF - Pension \$ 848,306
Contributions (Noncash Assistance) 1,313,412.00
TPAF - Long-Term Disability 1,313,412
Insurance (Noncash Assistance) 2,142
2,142
\$ (14,483,489)

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

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PAULSBORO SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

Note 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, 2018**

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 (\$29,378) for the general fund and \$17,917 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	\$ 20,036	\$ 15,428,424	\$ 15,448,460
Special Revenue Fund	1,471,416	280,731	1,752,147
Capital Projects Fund	-	918,816	918,816
Food Service Fund	742,451	7,917	750,368
	<u>\$ 2,233,903</u>	<u>\$ 16,635,888</u>	<u>\$ 18,869,791</u>
Total Awards & Financial Assistance	<u>\$ 2,233,903</u>	<u>\$ 16,635,888</u>	<u>\$ 18,869,791</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, 2018.

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

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>
84.010	S010A170030	Title I - Part A

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, 2018**

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

495-034-5120-068

495-034-5120-078

495-034-5120-084

495-034-5120-089

495-034-5120-097

495-034-5120-098

495-034-5120-101

State Aid Public:

School Choice Aid

Equalization Aid

Security Aid

Special Education Categorical Aid

Per Pupil Growth Aid

PARCC Readiness Aid

Professional Learning Community Aid

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

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, 2018**

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, 2018**

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.