

PAULSBORO SCHOOL DISTRICT

**Paulsboro, New Jersey
County of Gloucester**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

PAULSBORO SCHOOL DISTRICT

PAULSBORO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prepared by

**Paulsboro School District
Business Office**

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INTRODUCTORY SECTION

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Paulsboro Public Schools

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

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

Dr. Laurie Bandlow, Superintendent

March 23, 2020

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, 2019, 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, 2019, 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 over 1000 computers and the district has managed print services. 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 1,122 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>
2018-2019	1,122	0.90%
2017-2018	1,112	-1.16%
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%

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.
- 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.

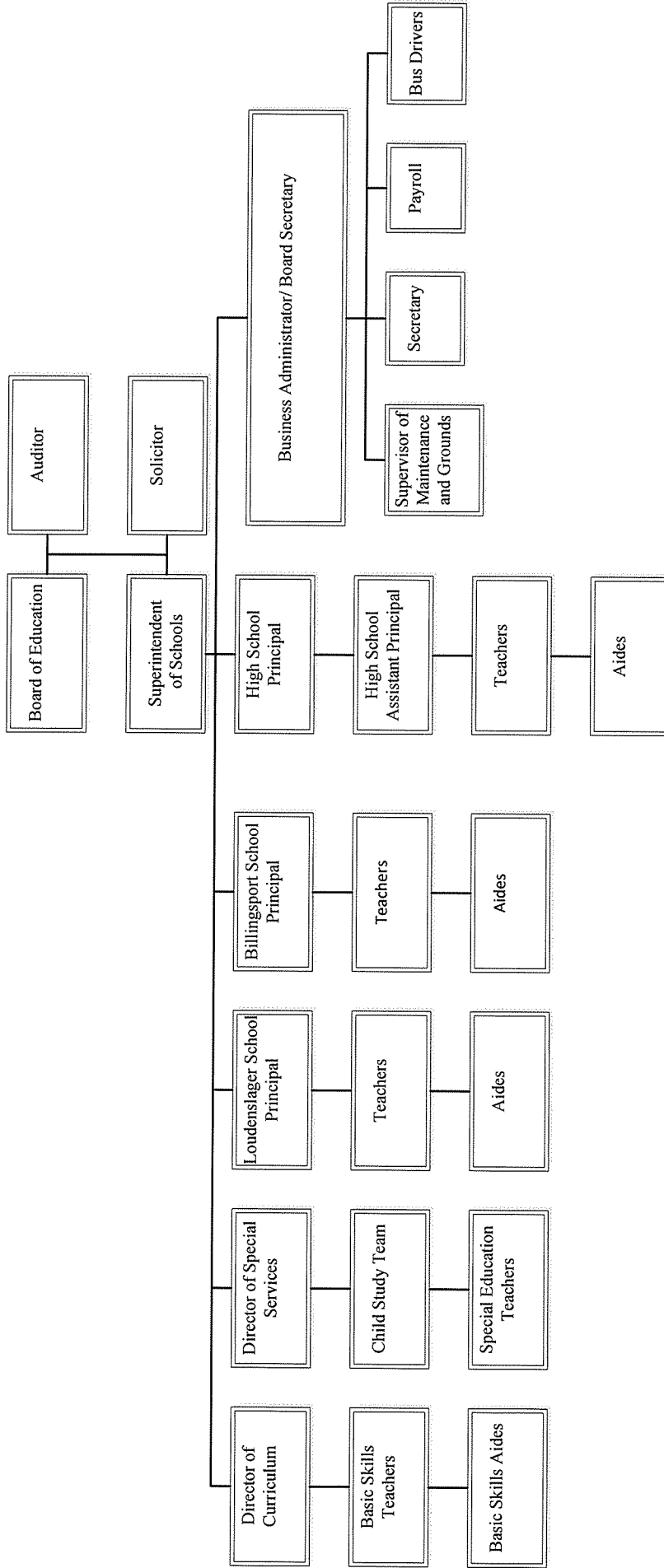
Respectfully submitted,



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, 2019

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Joseph L. Lisa, President	2020
Marvin E. Hamilton, Vice President	2019
John Hughes (1)	
Crystal L. Henderson	2020
Willaim Scott MacKenzie	2020
Elizabeth Reilly	2019
Lisa Lozado-Shaw	2019
Theresa Cooper	2021
Danielle Scott	2021
Irma R. Stevenson	2021

OTHER OFFICIALS

Dr. Walter Quint, 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.
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Medford, New Jersey 08055

ATTORNEY

The Weiner Law Group
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PO Box 438
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ARCHITECT

Garrison Architects
713 Creek Road
Belmawr, New Jersey 08031

OFFICIAL DEPOSITORY

Ocean First Bank
Mantua Township, New Jersey 08051

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Paulsboro School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions 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 March 23, 2020 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
March 23, 2020

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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, 2019
(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, 2019. 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, 2019
(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, 2019
(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 2019 compared to fiscal year 2018.

Table 1
Summary of Net Position

	June 30, <u>2019</u>	June 30, <u>2018</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 4,590,992	\$ 6,226,254	\$ (1,635,262)	-26.3%
Capital Assets, Net	9,621,296	10,178,931	(557,635)	-5.5%
Total Assets	<u>14,212,288</u>	<u>16,405,185</u>	<u>(2,192,897)</u>	-13.4%
Deferred Outflow of Resources	<u>1,417,335</u>	<u>1,983,473</u>	<u>(566,138)</u>	-28.5%
Current and other Liabilities	2,324,190	5,202,039	(2,877,849)	-55.3%
Noncurrent Liabilities	<u>9,003,511</u>	<u>10,485,411</u>	<u>(1,481,900)</u>	-14.1%
Total Liabilities	<u>11,327,701</u>	<u>15,687,450</u>	<u>(4,359,749)</u>	-27.8%
Deferred Inflow of Resources	<u>2,097,935</u>	<u>1,607,465</u>	<u>490,470</u>	30.5%
Net Position:				
Net Investment in Capital Assets	6,539,928	6,768,175	(228,247)	-3.4%
Restricted	2,810,991	1,848,782	962,209	52.0%
Unrestricted (Deficit)	<u>(7,146,932)</u>	<u>(7,523,214)</u>	<u>376,282</u>	-5.0%
Total Net Position	<u>\$ 2,203,987</u>	<u>\$ 1,093,743</u>	<u>\$ 1,110,244</u>	101.5%

PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

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

Table 2 shows the changes in net position for fiscal year 2019 compared to fiscal year 2018.

Table 2
Summary of Changes in Net Position

	June 30, <u>2019</u>	June 30, <u>2018</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 27,245	\$ 32,690	\$ (5,445)	-16.7%
Operating Grants & Contributions	7,110,047	10,104,340	(2,994,293)	-29.6%
General Revenues:				
Property Taxes	6,308,478	6,020,338	288,140	4.8%
Federal & State Aid	15,304,232	13,593,640	1,710,592	12.6%
Other General Revenues	1,923,661	1,795,972	127,689	7.1%
Total Revenues	<u>30,673,663</u>	<u>31,546,980</u>	<u>(873,317)</u>	-2.8%
Function/Program Expenditures:				
Regular Instruction	5,387,277	5,858,718	(471,441)	-8.0%
Special Education Instruction	3,478,543	2,911,933	566,610	19.5%
Other Instruction	407,557	490,712	(83,155)	-16.9%
Tuition	3,409,709	3,282,778	126,931	3.9%
Student & Instruction Related Services	1,559,922	1,963,307	(403,385)	-20.5%
General Administrative	556,070	577,922	(21,852)	-3.8%
School Administrative Services	680,649	751,436	(70,787)	-9.4%
Central Services	266,463	239,446	27,017	11.3%
Administrative Info. Technology	132,167	144,582	(12,415)	-8.6%
Plant Operations & Maintenance	1,699,340	1,565,345	133,995	8.6%
Pupil Transportation	1,102,957	930,714	172,243	18.5%
Unallocated Benefits	5,519,348	7,239,329	(1,719,981)	-23.8%
On Behalf TPAF Pension and Social				
Security Contributions	3,817,602	4,679,205	(861,603)	-18.4%
Transfer to Charter Schools	66,276	137,545	(71,269)	100.0%
Interest & Other Charges	153,944	113,641	40,303	35.5%
Unallocated Depreciation	574,493	635,942	(61,449)	-9.7%
Food Service	751,102	883,504	(132,402)	-15.0%
Total Expenditures	<u>29,563,419</u>	<u>32,406,059</u>	<u>(2,842,640)</u>	-8.8%
Change In Net Position	1,110,244	(859,079)	1,969,323	-229.2%
Net Position - Beginning	1,093,743	1,952,822	(859,079)	-44.0%
Net Position - Ending	<u>\$ 2,203,987</u>	<u>\$ 1,093,743</u>	<u>\$ 1,110,244</u>	101.5%

**PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)**

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

Governmental Activities

During the fiscal year 2019, the net position of governmental activities Increased by \$1,073,061 or 104%. The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$2,114,220, with an unrestricted deficit balance of (\$7,229,386). 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)	\$ (7,146,932)
Add back: PERS Pension Liability	5,022,869
Less: Deferred Outflows related to pensions	(1,417,335)
Add back: Deferred Inflows related to pensions	<u>2,097,935</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ (1,443,463)</u>

Business-type Activities

During the fiscal year 2019, the net position of business-type activities decreased by \$37,183 or 71%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$89,767.

General Fund Budgeting Highlights

Final budgeted revenues was \$20,250,271, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues were exceeded by budgeted revenues by \$264,679.

Final budgeted appropriations was \$21,574,120, which was an increase of \$146,954 from the original budget. The increase is primarily due to an increase prior year SEMI-ARRA funds which increase the budget appropriations and revenues in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$1,447,193.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$1,860,841 at June 30, 2019, an increase of \$1,320,711 from the prior year.

PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(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 \$2,451,395, an increase of \$1,215,243 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$1,216,691 or to 604,061 at June 30, 2019, compared to a decrease of \$1,722,607 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 decreased by \$1,455,725 from fiscal year 2018 to 2019
- Tuition Revenue increased by \$326,012 from fiscal year 2018 to 2019
- Tax Levy revenue increased by \$288,994 from fiscal year 2018 to 2019

Special revenue fund – During the current fiscal year, the fund balance of the School District's special revenue fund remained unchanged from June 30, 2018.

Capital projects fund – During the current fiscal year, the fund balance of the School District's capital projects fund remained unchanged from June 30, 2018.

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund decreased by \$1,448 or 5% to \$25,042 at June 30, 2019, compared to an increase of \$17,908 in fund balance in the prior fiscal year.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$37,183 or 71% to \$89,767 at June 30, 2019, compared to a decrease of \$100,446 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 decreased \$132,402 from fiscal year 2018 to 2019

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2019, totaled \$9,621,296 (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 decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$557,635. Table 4 shows fiscal 2019 balances compared to 2018.

**PAULSBORO SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)**

Capital Assets (continued)

**Table 4
Summary of Capital Assets**

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2019</u>	June 30, <u>2018</u>	Increase/ (Decrease)	Percentage Change
Land	\$ 99,211	\$ 99,211	\$ -	0.0%
Construction in Progress	4,454,449	4,454,449	-	0.0%
Land Improvements	370,380	426,219	(55,839)	-13.1%
Building and Improvements	2,904,892	3,042,220	(137,328)	-4.5%
Equipment	1,792,364	2,156,832	(364,468)	-16.9%
	<u>\$ 9,621,296</u>	<u>\$ 10,178,931</u>	<u>\$ (557,635)</u>	<u>-5.5%</u>

Depreciation expense for the year was \$575,329. 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 \$2,682,000, 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 2019-2020 budget will be adequate to satisfy all 2019-2020 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 Scott Henry, Interim 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, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 2,735,086	\$ 14,787	\$ 2,749,873
Receivables, Net (Note 3)	1,710,963	71,014	1,781,977
Internal Balances	40,387		40,387
Inventory	-	18,755	18,755
Capital Assets, Net (Note 4)			
Non-depreciable	4,553,660	-	4,553,660
Depreciable	5,060,323	7,313	5,067,636
Total Assets	14,100,419	111,869	14,212,288
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 7)	1,417,335	-	1,417,335
Total Deferred Outflow of Resources	1,417,335	-	1,417,335
LIABILITIES:			
Accounts Payable	308,463	-	308,463
Internal Balances	-	-	-
Temporary Note Payable (Note 20)	1,286,382	-	1,286,382
Due to Other Governments	278,278	-	278,278
Unearned Revenue	415,664	8,911	424,575
Accrued Interest	26,492	-	26,492
Internal Balances			-
Noncurrent Liabilities (Note 6):			
Due within one year	295,155	-	295,155
Due in more than one year	8,695,165	13,191	8,708,356
Total Liabilities	11,305,599	22,102	11,327,701
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 7)	2,097,935	-	2,097,935
Total Deferred Inflow of Resources	2,097,935	-	2,097,935
NET POSITION:			
Net Investment in Capital Assets	6,532,615	7,313	6,539,928
Restricted for:			
Capital Projects	1,977,284	-	1,977,284
Debt Service	25,042	-	25,042
Excess Surplus	808,665	-	808,665
Unrestricted (Deficit)	(7,229,386)	82,454	(7,146,932)
Total Net Position	\$ 2,114,220	\$ 89,767	\$ 2,203,987

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, 2019

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	\$ 5,387,277	\$ -	\$ -	\$ -	(5,387,277)	\$ -	(5,387,277)
Special Education Instruction	3,478,543	-	2,194,190	-	(1,284,353)	-	(1,284,353)
Other Instruction	407,557	-	-	-	(407,557)	-	(407,557)
Support Services:							
Tuition	3,409,709	-	337,215	-	(3,072,494)	-	(3,072,494)
Student & Instruction Related Services	1,559,922	-	-	-	(1,559,922)	-	(1,559,922)
General Administrative	556,070	-	-	-	(556,070)	-	(556,070)
School Administrative Services	680,649	-	-	-	(680,649)	-	(680,649)
Central Services	266,463	-	-	-	(266,463)	-	(266,463)
Administrative Info. Technology	132,167	-	-	-	(132,167)	-	(132,167)
Plant Operations & Maintenance	1,699,340	-	-	-	(1,699,340)	-	(1,699,340)
Pupil Transportation	1,102,957	-	-	-	(1,102,957)	-	(1,102,957)
Unallocated Benefits	5,519,348	-	-	-	(5,519,348)	-	(5,519,348)
On Behalf TPAF Pension and Social Security Contributions	3,817,602	-	3,817,602	-	-	-	-
Transfer to Charter Schools	66,276	-	-	-	(66,276)	-	(66,276)
Interest & Other Charges	153,944	-	-	-	(153,944)	-	(153,944)
Unallocated Depreciation	574,493	-	-	-	(574,493)	-	(574,493)
Total Governmental Activities	28,812,317	-	6,349,007	-	(22,463,310)	-	(22,463,310)
Business-Type Activities:							
Food Service	751,102	27,245	761,040	-	-	37,183	37,183
Total Business-Type Activities	751,102	27,245	761,040	-	-	37,183	37,183
Total Primary Government	\$ 29,563,419	\$ 27,245	\$ 7,110,047	\$ -	(22,463,310)	37,183	(22,426,127)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					6,108,976	-	6,108,976
Property Taxes, Levied for Debt Service					199,502	-	199,502
Federal & State Aid Restricted					-	-	-
Federal & State Aid Not Restricted					15,304,232	-	15,304,232
Tuition Charges					1,523,090	-	1,523,090
Miscellaneous					400,571	-	400,571
Total General Revenues					23,536,371	-	23,536,371
Change In Net Position					1,073,061	37,183	1,110,244
Net Position - Beginning					1,041,159	52,584	1,093,743
Net Position - Ending					\$ 2,114,220	\$ 89,767	\$ 2,203,987

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, 2019**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:					
Cash & Cash Equivalents	\$ 1,311,307	\$ 729,480	\$ 697,292	\$ -	\$ 2,738,079
Receivables, Net:					
Interfund Receivable	348,821	-	69,394	28,035	446,250
Due from Other Governments:					
State	537,074	14,242	1,138,516	-	1,689,832
Federal	-	7,047	-	-	7,047
Other Receivables	3	14,081	-	-	14,084
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,197,205</u>	<u>\$ 764,850</u>	<u>\$ 1,905,202</u>	<u>\$ 28,035</u>	<u>\$ 4,895,292</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ -	\$ -	\$ 2,993	\$ 2,993
Accounts Payable	188,573	65,015	54,875	-	308,463
Temporary Note Payable	1,286,382	-	-	-	1,286,382
Due to Other Governments	11,647	12,885	-	-	24,532
Interfund Payable	106,542	271,286	28,035	-	405,863
Unearned Revenue	-	415,664	-	-	415,664
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,593,144</u>	<u>764,850</u>	<u>82,910</u>	<u>2,993</u>	<u>2,443,897</u>
Fund Balances:					
Restricted for:					
Capital Reserve	154,992	-	-	-	154,992
Excess Surplus - Current year	808,665	-	-	-	808,665
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	-	-	-	-	-
Capital Projects	-	-	1,822,292	-	1,822,292
Debt Service	-	-	-	25,042	25,042
Assigned to:					
Designated for Subsequent Year's Expenditures	133,543	-	-	-	133,543
Other Purposes	138,980	-	-	-	138,980
Unassigned	(632,119)	-	-	-	(632,119)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>604,061</u>	<u>-</u>	<u>1,822,292</u>	<u>25,042</u>	<u>2,451,395</u>
Total Liabilities & Fund Balances	<u>\$ 2,197,205</u>	<u>\$ 764,850</u>	<u>\$ 1,905,202</u>	<u>\$ 28,035</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 \$21,346,977 and the accumulated depreciation is \$11,732,994	9,613,983
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	1,417,335
Deferred Inflows related to pensions	(2,097,935)
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.	(26,492)
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.	(253,746)
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>(8,990,320)</u>
Net Position of Governmental Activities	<u>\$ 2,114,220</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, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 6,108,976	\$ -	\$ -	\$ 199,502	\$ 6,308,478
Tuition Charges	1,523,090	-	-	-	1,523,090
Miscellaneous	377,740	21,286	1,545	-	400,571
Total Local Sources	8,009,806	21,286	1,545	199,502	8,232,139
State Sources	16,407,782	683,043	-	-	17,090,825
Federal Sources	64,764	1,933,529	-	-	1,998,293
Total Revenues	24,482,352	2,637,858	1,545	199,502	27,321,257
Expenditures:					
Instruction:					
Regular Instruction	5,387,277	-	-	-	5,387,277
Special Education Instruction	1,284,353	2,194,190	-	-	3,478,543
Other Instruction	407,557	-	-	-	407,557
Support Services:					
Tuition	3,072,494	337,215	-	-	3,409,709
Student & Instruction Related Services	1,674,788	-	-	-	1,674,788
General Administrative	556,070	-	-	-	556,070
School Administrative Services	680,649	-	-	-	680,649
Central Services	266,463	-	-	-	266,463
Administrative Info. Technology	132,167	-	-	-	132,167
Plant Operations & Maintenance	1,512,572	-	-	-	1,512,572
Pupil Transportation	1,202,479	-	-	-	1,202,479
Unallocated Benefits	3,785,773	-	-	-	3,785,773
On Behalf TPAF Pension and Social Security Contributions	3,071,422	-	-	-	3,071,422
Special Schools	-	-	-	-	-
Transfer to Charter Schools	66,276	-	-	-	66,276
Capital Outlay	98,009	106,453	-	-	204,462
Debt Service:					
Principal	-	-	-	115,000	115,000
Interest & Other Charges	-	-	-	87,495	87,495
Total Expenditures	23,198,349	2,637,858	-	202,495	26,038,702
Excess/(Deficiency) of Revenues over Expenditures	1,284,003	-	1,545	(2,993)	1,282,555
Other Financing Sources (Uses):					
Transfers In/(Out)	-	-	(1,545)	1,545	-
Capital Lease (non-budgeted)	-	-	-	-	-
Interest on Capital Note	(67,312)	-	-	-	(67,312)
Total Other Financing Sources (Uses)	(67,312)	-	(1,545)	1,545	(67,312)
Net changes in fund balances	1,216,691	-	-	(1,448)	1,215,243
Fund Balance, July 1	(612,630)	-	1,822,292	26,490	1,236,152
Fund Balance, June 30	\$ 604,061	\$ -	\$ 1,822,292	\$ 25,042	\$ 2,451,395

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, 2019**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		1,215,243
<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	(574,493)
	Capital Outlays	<u>17,694</u>
		(556,799)
<p>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.</p>		
		84,366
<p>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.</p>		
		329,388
<p>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 (+).</p>		
		863
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>-</u>
Change in Net Position of Governmental Activities		<u>\$ 1,073,061</u>

**PAULSBORO SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019**

	<u>FOOD SERVICE</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 14,787
Accounts Receivable:	
State	396
Federal	33,468
Interfund Accounts Receivable	37,150
Inventories	<u>18,755</u>
Total Current Assets	<u>104,556</u>
Noncurrent assets:	
Furniture, Machinery & Equipment	102,082
Less: Accumulated Depreciation	<u>(94,769)</u>
Total Noncurrent Assets	<u>7,313</u>
Total Assets	<u>111,869</u>
LIABILITIES	
Current Liabilities:	
Unearned Revenue	<u>8,911</u>
Total Current Liabilities	<u>8,911</u>
Long-Term Liabilities:	
Compensated Absences Payable	<u>13,191</u>
Total Liabilities	<u>22,102</u>
NET POSITION	
Net Investment in Capital Assets	7,313
Unrestricted	<u>82,454</u>
Total Net Position	<u><u>\$ 89,767</u></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, 2019**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 10
Daily Sales - Nonreimbursable Programs	27,235
	27,245
Total Operating Revenues	27,245
Operating Expenses:	
Cost of Sales-Reimbursable Programs	343,954
Cost of Sales-Non-Reimbursable Programs	19,071
Salaries	230,427
Employee Benefits	85,877
Supplies & Materials	27,319
Management Fee	40,500
Other Miscellaneous	3,118
Depreciation	836
	751,102
Total Operating Expenses	751,102
Operating Income/(loss)	(723,857)
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	8,373
Federal Sources:	
National School Lunch Program	465,132
Healthy Hunger-Free Kids Act	9,218
School Breakfast Program	216,554
After School Snacks	8,065
Food Distribution Program	53,698
	761,040
Total Nonoperating Revenues/(Expenses)	761,040
Change in Net Position	37,183
Total net position—July 1	52,584
Total net position—June 30	\$ 89,767

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, 2019**

	FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 31,765
Payments to Employees	(230,427)
Payments for Employee Benefits	(85,877)
Payments to Suppliers	(419,690)
	(704,229)
Net Cash Provided/(Used) by Operating Activities	(704,229)
Cash Flows From Noncapital Financing Activities:	
Cash Received from Federal & State Reimbursements	719,016
	719,016
Net Cash Provided/(Used) by Noncapital Financing Activities	715,751
Cash Flows From Investing Activities:	
Interfund Returned	3,265
	3,265
Net Cash Provided/(Used) by Investing Activities	3,265
Net Increase/(Decrease) in Cash & Cash Equivalents	14,787
Cash and Cash Equivalents, July 1	-
Cash & Cash Equivalents, June 30	\$ 14,787

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

Operating Income/(Loss)	\$ (723,857)
Adjustments to Reconcile Operating Income/(Loss) to	
Net Cash Provided/(Used) by Operating Activities:	
Depreciation	836
Food Distribution Program	53,698
Changes in Assets & Liabilities:	
(Increase)/Decrease in Inventory	360
Increase/(Decrease) in Accounts Payable	(36,521)
(Increase)/Decrease in Accounts Receivable	-
(Increase)/Decrease in Interfund Receivable	3,319
Increase in Interfund Payable	(3,265)
Increase/(Decrease) in Unearned Revenue	1,201
Increase/(Decrease) in Compensated Absences Payable	-
	19,628
Total Adjustments	19,628
Net Cash Provided/(Used In) Operating Activities	\$ (704,229)

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, 2019**

ASSETS	PRIVATE PURPOSE	AGENCY		TOTAL
	SCHOLARSHIP	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 125,302	\$ 65,823	\$ 134,293	\$ 325,418
Total Assets	<u>125,302</u>	<u>65,823</u>	<u>134,293</u>	<u>325,418</u>
LIABILITIES				
Payroll Deductions & Withholdings	-	-	57,256	57,256
Due to Student Groups	-	65,323	-	65,323
Interfund Payable	-	500	77,037	77,537
Total Liabilities	<u>-</u>	<u>65,823</u>	<u>134,293</u>	<u>200,116</u>
NET POSITION				
Reserved for Scholarships	<u>125,302</u>	-	-	<u>125,302</u>
Total Net Position	<u>\$ 125,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,302</u>

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, 2019**

ADDITIONS	<u>PRIVATE PURPOSE SCHOLARSHIP</u>
Contributions:	
Other	\$ 54,536
Total Contributions	<u>54,536</u>
Investment Earnings:	
Interest	<u>298</u>
Net Investment Earnings	<u>298</u>
Total Additions	<u>54,834</u>
DEDUCTIONS	
Scholarship Payments	<u>82,496</u>
Total Deductions	<u>82,496</u>
Change in Net Position	(27,662)
Net Position - Beginning of the Year	<u>152,964</u>
Net Position - End of the Year	<u><u>\$ 125,302</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, 2019

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**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

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, 2019 of 1,170 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 and GASB 80, Blending Requirements for certain component units – an Amendment of GASB Statement No. 14. The District had no component units as of for the year ended June 30, 2019.

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019 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, 2019**

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, 2019**

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, 2019**

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, 2019.
- 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 component 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, 2019**

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, 2019:

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. 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. This statement had no material impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 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.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

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

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 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. 91, *Conduit Debt Obligations*, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2020. 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.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

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

Deferred Outflows and Deferred Inflows of Resources (continued)

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.

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, 2019, the District's bank balance of \$5,453,802 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	4,990,910
Uninsured and Uncollateralized		462,892
		\$ 5,453,802

Investments

The School District has no investments at June 30, 2019.

Note 3. Reserve Accounts

Capital Reserve

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

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 3. Reserve Accounts (Continued):

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	
Increased by:	
Deposits approved by Board	154,992
Ending Balance, June 30, 2019	154,992

Note 4. Accounts Receivable

Accounts receivable at June 30, 2019 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				<u>Proprietary Funds</u>	Total
	<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>Business-Type Activities</u>
Federal Awards	\$ -	\$ 7,047	\$ -	\$ 7,047	\$ 33,468	\$ 33,468
State Awards	537,074	14,242	1,138,516	1,689,832	396	396
Other	3	14,081	-	14,084	37,150	37,150
Total	\$ 537,077	\$ 35,370	\$ 1,138,516	\$ 1,710,963	\$ 71,014	\$ 71,014

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance July 1, <u>2018</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2019</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 99,211	\$ -	\$ -	\$ 99,211
Construction in Progress	4,454,449	-	-	4,454,449
Total Capital Assets not being depreciated	<u>4,553,660</u>	-	-	<u>4,553,660</u>
Capital Assets being depreciated:				
Land Improvements	2,020,706	-		2,020,706
Buildings and Improvements	10,026,522	17,694		10,044,216
Equipment	4,728,395	-		4,728,395
Total Capital Assets being depreciated	<u>16,775,623</u>	<u>17,694</u>	-	<u>16,793,317</u>
Less: Accumulated Depreciation:				
Land Improvements	(1,594,487)	(55,839)		(1,650,326)
Buildings and Improvements	(6,984,302)	(155,022)		(7,139,324)
Equipment	(2,579,712)	(363,632)		(2,943,344)
Total Accumulated Depreciation	<u>(11,158,501)</u>	<u>(574,493)</u>	-	<u>(11,732,994)</u>
Total Capital Assets being depreciated, net	<u>5,617,122</u>	<u>(556,799)</u>	-	<u>5,060,323</u>
Total Governmental Activities Capital Assets, net	<u>\$ 10,170,782</u>	<u>\$ (556,799)</u>	<u>\$ -</u>	<u>\$ 9,613,983</u>

	Balance July 1, <u>2018</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2019</u>
Business-Type Activities:				
Equipment	\$ 102,082	\$ -	\$ -	\$ 102,082
	<u>102,082</u>	-	-	<u>102,082</u>
Less: Accumulated Depreciation:				
Equipment	(93,933)	(836)	-	(94,769)
	<u>(93,933)</u>	<u>(836)</u>	-	<u>(94,769)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 8,149</u>	<u>\$ (836)</u>	<u>\$ -</u>	<u>\$ 7,313</u>

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2019 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 348,821	\$ 106,542
Special Revenue Fund	-	271,286
Capital Projects Fund	69,394	28,035
Debt Service Fund	28,035	-
Food Service Fund	37,150	-
Payroll Fund	-	77,037
Student Activity Fund	-	500
	<u>\$ 483,400</u>	<u>\$ 483,400</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>
Capital Projects Fund	\$ -	\$ 1,545
Debt Service Fund	1,545	-
	<u>\$ 1,545</u>	<u>\$ 1,545</u>

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2019 the following changes occurred in long-term obligations:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2019</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,797,000	\$ -	\$ 115,000	\$ 2,682,000	\$ 115,000
Capital Leases	613,756	-	214,388	399,368	180,155
Compensated Absences	886,084	-	-	886,084	-
Net Pension Liability	6,175,380	-	1,152,511	5,022,869	-
Temporary Note Payable	4,170,923	1,286,382	4,170,923	1,286,382	1,286,382
	<u>\$ 14,643,143</u>	<u>\$ 1,286,382</u>	<u>\$ 5,652,822</u>	<u>\$ 10,276,703</u>	<u>\$ 1,581,537</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>

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, 2019, 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>
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		145,000	68,295	213,295
2025-2029		820,000	272,775	1,092,775
2030-2034		980,000	137,263	1,117,263
2035		212,000	7,420	219,420
		<u>\$ 2,682,000</u>	<u>\$ 799,133</u>	<u>\$ 3,481,133</u>

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 7. 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>		
2020	\$	225,349
2021		83,357
2022		35,676
2023		<u>69,719</u>
Total Minimum Lease Payments		414,101
Less: Amount Representing Interest		<u>(14,733)</u>
Present Value of Minimum Lease Payments		<u>\$ 399,368</u>

Bonds Authorized But Not Issued:

As of June 30, 2019, the District had no authorized but not issued bonds.

Note 8. 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, 2019**

Note 8. 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, 2019, the School District reported a liability of \$5,022,869 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018.

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, 2018. The School District's proportion measured as of June 30, 2019, was .02551%, which was a decrease of .00102% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School District recognized full accrual pension expense of \$169,381 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date. At June 30, 2019 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, 2019**

Note 8. Pension Plans (Continued):

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

	Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 95,787	\$ 25,900
Changes of Assumptions	827,686	1,606,047
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	47,115
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	240,116	418,873
School District Contributions Subsequent to Measurement Date	72,632	-
	\$ 1,236,221	\$ 2,097,935

\$254,564 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2018-2019 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:

Year Ending Dec 31,	Amount
2019	\$ (183,425)
2020	(161,602)
2021	(179,177)
2022	(295,426)
2023	(114,716)
	\$ (934,346)

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, 2019**

Note 8. 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	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
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	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between 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
June 30, 2018	5.63	5.63

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (Continued):

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

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

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, 2017 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, 2018) 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

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (Continued):

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

expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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, 2019**

Note 8. 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, 2018, calculated using the discount rate of 5.66% 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 <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 6,315,679	\$ 5,022,869	\$ 3,938,284

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective Deferred Outflows of Resources	\$ 4,684,852,302	\$ 5,396,431,901
Collective Deferred Inflows of Resources	7,646,736,226	4,672,602,040
Collective Net Pension Liability	19,689,501,539	23,278,401,588
School District's Portion	0.02551%	0.02653%

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, 2019**

Note 8. 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, 2018 was \$55,394,675. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the State proportionate share of the TPAF net pension liability attributable to the School District was .08707%, which was a decrease of .00001% from its proportion measured as of June 30, 2017.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (Continued):

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

For the fiscal year ended June 30, 2019, the School District recognized \$3,071,422 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, 2018 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
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, 2017 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, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. 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 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – 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 4.86% 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, 2019**

Note 8. Pension Plans (Continued):

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

	1% Decrease <u>(3.86%)</u>	Current Discount Rate <u>(4.86%)</u>	1% Increase <u>(5.86%)</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>65,475,454</u>	<u>55,394,675</u>	<u>47,037,955</u>
	<u>\$ 65,475,454</u>	<u>\$ 55,394,675</u>	<u>\$ 47,037,955</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, 2019**

Note 8. 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, 2019, employee contributions totaled \$20,373 and the District recognized pension expense of \$11,031.

Note 9. 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, 2019**

Note 9. 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, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. 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, 2017 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, 2019**

Note 9. 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, 2018 was \$49,256,327. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the State proportionate share of the OPEB Obligation attributable to the School District was 0.106821594%, which was an increase of 0.00035507% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized an OPEB expense in the amount of \$1,816,027 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, 2018 measurement date.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% 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 prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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, 2018 was 3.87%. 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, 2018, 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, 2019**

Note 9. Other Post-Retirement Benefits (Continued):

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
State of New Jersey's Proportionate Share of Total Obligations Associated with the School District	\$ 58,231,005.42	\$ 49,256,327	\$ 42,122,384.44
State of New Jersey's Total Non- employer Liability	\$ 54,512,391,175	\$ 46,110,832,982	\$ 39,432,461,816

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, 2018, 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:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 40,713,223.05	\$ 49,256,327	\$ 60,554,909.02
State of New Jersey's Total Nonemployer OPEB Liability	\$ 38,113,289,045	\$ 46,110,832,982	\$ 56,687,891,003

* See Healthcare Cost Trend Assumptions for details of rates.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Other Post-Retirement Benefits (Continued):

Additional Information

Collective balances of the Local Group at June 30, 2018 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 1,377,313,892.00	\$(1,377,313,892.00)
Differences between Expected & Actual Experience	-	(4,476,086,167.00)
Change in Assumptions	-	(10,335,978,867.00)
Contributions Made in Fiscal Year Year Ending 2019 After June 30, 2018 Measurement Date **	TBD	-
	\$ 1,377,313,892	\$ (16,189,378,926)

Fiscal Year Ending June 30,	
2019	(1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
	(14,812,065,034)

At June 30, 2017, the Program membership consisted of the following:

	June 30, 2017
Active Plan Members	217,131.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050.00
	362,181.00

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Other Post-Retirement Benefits (Continued):

Total OPEB Liability

Service Cost	\$ 1,984,642,729
Interest Cost	1,970,236,232
Difference Between Expected & Actual Experience	(5,002,065,740)
Changes of Assumptions	(5,291,448,855)
Contributions: Member	42,614,005
Gross Benefit Payments	<u>(1,232,987,247)</u>
Net Change in Total OPEB Liability	(7,529,008,876)
Total OPEB Liability (Beginning)	<u>53,639,841,858</u>
Total OPEB Liability (Ending)	<u><u>\$ 46,110,832,982</u></u>
Total Covered Employee Payroll	\$ 13,640,275,833
Net OPEB Liability as a Percentage of Payroll	338%

Note 10. 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, 2019, the on-behalf payments for normal costs, social security costs, post-retirement medical costs, and long-term disability were \$1,706,952, \$588,286, \$774,270 and \$1,914, respectively.

Note 11. 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

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 12. 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, 2019 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 Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 13. 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.

Note 14. 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 15. 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, 2019, 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.

**PAULSBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 16. 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.

Note 17. 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, 2019 was \$806,665.

Note 18. Fund Balance

General Fund – Of the \$604,061 General Fund fund balance at June 30, 2019, \$154,992 has been reserved in the Capital Reserve Account; \$808,665 has been restricted for current year excess surplus; \$133,543 is designated for subsequent year's expenditures; \$138,980 has been assigned to other purposes; and \$(632,119) is unassigned.

Capital Projects Fund – Of the \$1,822,292 Capital Projects Fund fund balance at June 30, 2019, \$1,822,292 is restricted for future capital projects approved by the School.

Debt Service Fund – Of the \$25,042 Debt Service Fund fund balance at June 30, 2019, \$25,042 is restricted for future debt service payments.

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 \$7,229,386. 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, 2019. 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, 2019**

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

On June 24, 2019, the School District issued a “State School Aid Anticipation Note” in the amount of \$1,287,355 from Ocean First Bank. The note bears an interest rate of 1.60% per annum and matures on July 11, 2019. 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, 2019, 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 March 23, 2020 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, 2019**

	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	\$ 6,108,976	\$ -	\$ 6,108,976	\$ 6,108,976	\$ -
Tuition	10-1300-000-000	1,372,929	-	1,372,929	1,523,090	150,161
Miscellaneous	10-1000-000-000	492,170	-	492,170	377,740	(114,430)
Total Local Sources		7,974,075	-	7,974,075	8,009,806	35,731
State Sources:						
School Choice Aid	10-3116-000-000	63,390	-	63,390	63,390	-
Categorical Transportation Aid	10-3121-000-000	179,476	-	179,476	179,476	-
Categorical Special Education Aid	10-3132-000-000	715,226	-	715,226	715,226	-
Equalization Aid	10-3176-000-000	11,611,950	-	11,611,950	11,611,950	-
Security Aid	10-3177-000-000	498,216	-	498,216	498,216	-
Extraordinary Aid	10-3000-000-000	150,000	-	150,000	372,122	222,122
Nonbudgeted:						
On-Behalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	774,270	774,270
Normal Pension Contributions		-	-	-	1,706,952	1,706,952
Long-Term Disability		-	-	-	1,914	1,914
Reimbursed TPAF Social Contributions		-	-	-	588,286	588,286
Total State Sources		13,218,258	-	13,218,258	16,511,802	3,293,544
Federal Sources:						
Medicare Reimbursement	10-4200-000-000	57,938	-	57,938	64,764	6,826
Total Federal Sources		57,938	-	57,938	64,764	6,826
Total Revenues		21,250,271	-	21,250,271	24,586,372	3,336,101
Expenditures:						
Current Expense:						
Kindergarten	11-110-100-101	389,584	32,190	421,774	412,565	9,209
Grades 1 - 5	11-120-100-101	1,601,671	(83,507)	1,518,164	1,492,305	25,859
Grades 6 - 8	11-130-100-101	747,795	209,775	957,570	955,004	2,566
Grades 9 - 12	11-140-100-101	2,136,850	(139,363)	1,997,487	1,953,561	43,926
Home Instruction:						
Salaries of Teachers	11-150-100-101	60,000	2,660	62,660	61,075	1,585
Purchased Professional - Educational Services	11-150-100-320					-
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	18,050	-	18,050	8,879	9,171
Purchased Professional - Educational Services	11-190-100-320	194,522	1,146	195,668	176,418	19,250
Cleaning, Repair & Maintenance Services	11-190-100-420	11,513	(10,538)	975	975	-
Rentals	11-190-100-440	166,472	27,874	194,346	178,856	15,490
Other Purchased Services	11-190-100-500	-	1,100	1,100	-	1,100
General Supplies	11-190-100-610	145,599	25,706	171,305	141,213	30,092
Textbooks	11-190-100-640	62,176	(53,096)	9,080	5,685	3,395
Other Objects	11-190-100-800	1,731	(501)	1,230	741	489
Total Regular Programs - Instruction		5,535,963	13,446	5,549,409	5,387,277	162,132
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	461,719	36,744	498,463	498,463	-
Other Salaries for Instruction	11-204-100-106	119,541	4,361	123,902	110,975	12,927

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
General Supplies	11-204-100-610	23,721	(17,793)	5,928	5,351	577
Total Learning and/or Language Disabilities		604,981	23,312	628,293	614,789	13,504
Behavioral Disabilities:						
Salaries of Teachers	11-209-100-101	142,998	(17,025)	125,973	125,973	-
Other Salaries for Instruction	11-209-100-106	71,805	-	71,805	63,428	8,377
General Supplies	11-209-100-610	6,219	(4,082)	2,137	1,709	428
Total Behavioral Disabilities		221,022	(21,107)	199,915	191,110	8,805
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	218,551	(40,661)	177,890	177,890	-
Other Salaries for Instruction	11-212-100-106	40,859	2,587	43,446	43,445	1
General Supplies	11-212-100-610	12,219	(10,771)	1,448	1,427	21
Total Multiple Disabilities		271,629	(48,845)	222,784	222,762	22
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	179,757	-	179,757	179,757	-
Other Salaries for Instruction	11-213-100-106	105,430	(22,906)	82,524	75,231	7,293
General Supplies	11-213-100-610	7,792	(7,448)	344	342	2
Total Resource Room/Resource Center		292,979	(30,354)	262,625	255,330	7,295
Preschool Disabilities - Part-Time:						
General Supplies	11-216-100-610	-	362	362	362	-
Total Preschool Disabilities - Part-Time		-	362	362	362	-
Total Special Education		1,390,611	(76,632)	1,313,979	1,284,353	29,626
Basic Skills/Remedial:						
Other Salaries for Instruction	11-230-100-106	-	7,163	7,163	7,162	1
General Supplies	11-230-100-610	438	195	633	631	2
Total Basic Skills/Remedial		438	7,358	7,796	7,793	3
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	-	5,772	5,772	4,120	1,652
Total Bilingual Education - Instruction		-	5,772	5,772	4,120	1,652
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	60,795	2,333	63,128	63,128	-
Purchased Services	11-401-100-500	2,300	(644)	1,656	1,227	429
Supplies and Materials	11-401-100-600	1,000	(161)	839	-	839
Transfer to cover Deficit	11-401-100-930	4,000	-	4,000	-	4,000
Total School Sponsored Cocurricular Activities		68,095	1,528	69,623	64,355	5,268
School Sponsored Athletics - Instruction:						
Salaries of Teachers	11-402-100-100	244,366	30,022	274,388	264,055	10,333
Salaries of Other Professional Staff	11-402-100-104	1,480	(1,439)	41	-	41
Purchased Services	11-402-100-500	25,000	17,905	42,905	18,263	24,642
Supplies and Materials	11-402-100-600	85,650	(49,985)	35,665	31,679	3,986
Other Objects	11-402-100-800	29,751	(12,382)	17,369	2,028	15,341
Total School Sponsored Athletics - Instruction		386,247	(15,879)	370,368	316,025	54,343

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Summer School - Instruction:						
Salaries of Teachers	11-422-100-101	21,568	(2,764)	18,804	15,264	3,540
Total Summer School - Instruction		21,568	(2,764)	18,804	15,264	3,540
Total Instruction		7,402,922	(67,171)	7,335,751	7,079,187	256,564
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's - State Regular	11-000-100-561	72,223	290,138	362,361	346,449	15,912
Tuition to Other LEA's - State Special	11-000-100-562	154,712	(78,854)	75,858	75,857	1
Tuition to County Voc. School District Regular	11-000-100-563	91,010	(19,243)	71,767	71,767	-
Tuition to CSSD & Regular Day Schools	11-000-100-565	836,766	236,205	1,072,971	1,072,969	2
Tuition to Private Schools for the Handicapped - State	11-000-100-566	1,463,893	3,125	1,467,018	1,421,877	45,141
Tuition - State Facilities	11-000-100-568	18,053	-	18,053	18,053	-
Tuition - State Facilities	11-000-100-568	77,109	(4,047)	73,062	65,522	7,540
Total Undistributed Expenditures - Instruction		2,713,766	427,324	3,141,090	3,072,494	68,596
Attendance & Social Work Services:						
Salaries of Secretarial & Clerical Assistants	11-000-211-105	19,833	(8,330)	11,503	11,502	1
Other Salaries	11-000-211-110	11,986	1,200	13,186	13,184	2
Purchased Professional & Technical Services	11-000-211-300	27,104	(812)	26,292	26,290	2
Other Purchased Services	11-000-211-500	1,200	(509)	691	421	270
Supplies and Materials	11-000-211-600	900	-	900	26	874
Total Attendance & Social Work Services		61,023	(8,451)	52,572	51,423	1,149
Health Services:						
Salaries	11-000-213-100	166,336	970	167,306	164,244	3,062
Purchased Professional & Technical Services	11-000-213-300	180,259	(39,733)	140,526	121,546	18,980
Travel	11-000-213-580	340	-	340	-	340
Supplies and Materials	11-000-213-600	11,219	-	11,219	5,769	5,450
Miscellaneous Expenditures	11-000-213-890	270	-	270	-	270
Total Health Services		358,424	(38,763)	319,661	291,559	28,102
Other Support Services - Students - Related Services:						
Salaries of Other Professional Staff	11-000-216-100	125,549	-	125,549	123,398	2,151
Purchased Educational Services	11-000-216-320	114,962	(54,289)	60,673	60,673	-
Supplies and Materials	11-000-216-600	1,246	-	1,246	615	631
Total Other Support Services - Students - Related Services		241,757	(54,289)	187,468	184,686	2,782
Special Education - Extraordinary Services						
Other Salaries for Instruction	11-000-217-106	84,280	-	84,280	77,230	7,050
Purchased Professional - Educational Services	11-000-217-320	1,900	-	1,900	-	1,900
Total Special Education - Extraordinary Services		86,180	-	86,180	77,230	8,950
Other Support Services - Guidance:						
Salaries of Other Professional Staff	11-000-218-104	244,483	-	244,483	235,841	8,642
Salaries of Secretarial & Clerical Assistants	11-000-218-105	19,833	8,329	28,162	28,161	1
Purchased Professional - Educational Services	11-000-218-320	3,500	3,460	6,960	3,427	3,533
Other Purchased Services	11-000-218-500	6,840	(2,435)	4,405	2,371	2,034
Supplies and Materials	11-000-218-600	4,682	(716)	3,966	3,786	180
Other Objects	11-000-218-800	450	125	575	325	250
Total Other Support Services - Guidance		279,788	8,763	288,551	273,911	14,640

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Other Support Services - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	300,647	-	300,647	297,261	3,386
Salaries of Secretarial & Clerical Assistants	11-000-219-105	47,060	(5,204)	41,856	41,807	49
Purchased Professional - Educational Services	11-000-219-320	20,635	4,940	25,575	25,574	1
Other Purchased Services	11-000-219-592	1,150	-	1,150	868	282
Supplies and Materials	11-000-219-600	12,938	(4,940)	7,998	2,334	5,664
Other Objects	11-000-219-800	1,050	-	1,050	762	288
Total Other Support Services - Child Study Teams		383,480	(5,204)	378,276	368,606	9,670
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries	11-000-221-102	10,560	-	10,560	8,384	2,176
Salaries of Other Professional Staff	11-000-221-104	102,115	33,962	136,077	136,072	5
Salaries of Secretarial & Clerical Assistants	11-000-221-105	47,596	(21,308)	26,288	25,793	495
Salaries of Facilitators, Math & Literary Coaches	11-000-221-176	2,560	-	2,560	2,560	-
Travel	11-000-221-580	500	(318)	182	182	-
Miscellaneous Purchase Services	11-000-221-590	1,500	(1,500)	-	-	-
Supplies and Materials	11-000-221-600	5,087	(5,067)	20	19	1
Other Objects	11-000-221-800	2,019	1,243	3,262	3,262	-
Total Improvement of Instruction Services/ Other Support Services Instructional Staff		171,937	7,012	178,949	176,272	2,677
Educational Media Services/School Library:						
Salaries	11-000-222-100	79,894	-	79,894	79,894	-
Salaries of Technology Coordinators	11-000-222-177	101,874	-	101,874	101,870	4
Purchased Professional & Technical Services	11-000-222-300	78,497	(77,589)	908	908	-
Other Purchased Services	11-000-222-500	28,477	(13,797)	14,680	6,625	8,055
Supplies and Materials	11-000-222-600	13,061	-	13,061	4,034	9,027
Total Educational Media Services/Library		301,803	(91,386)	210,417	193,331	17,086
Instructional Staff Training Services:						
Salaries of Other Professional Staff	11-000-223-104	26,455	577	27,032	27,031	1
Salaries of Secretarial & Clerical Assistants	11-000-223-105	-	26,399	26,399	25,793	606
Purchased Professional & Educational Services	11-000-223-320	5,000	(576)	4,424	-	4,424
Travel	11-000-223-580	1,875	-	1,875	232	1,643
Miscellaneous Purchase Services	11-000-223-590	5,875	-	5,875	4,714	1,161
Supplies & Materials	11-000-223-600	500	-	500	-	500
Total Instructional Staff Training Services		39,705	26,400	66,105	57,770	8,335
Support Services General Administration:						
Salaries	11-000-230-100	136,350	1	136,351	136,350	1
Salaries of Secretarial & Clerical Assistants	11-000-230-105	55,219	-	55,219	55,219	-
Other Salaries	11-000-230-110	500	-	500	200	300
Legal Services	11-000-230-331	40,000	127,310	167,310	167,309	1
Audit Fees	11-000-230-332	27,000	(2,837)	24,163	23,733	430
Other Purchased Professional Services	11-000-230-339	2,100	1,502	3,602	3,402	200
Purchased Technical Services	11-000-230-340	-	-	-	-	-
Communications/Telephone	11-000-230-530	95,534	(34,024)	61,510	61,509	1
Travel	11-000-230-580	2,000	-	2,000	-	2,000
BOE Other Purchased Services	11-000-230-585	5,055	146	5,201	3,326	1,875
Other Purchased Services	11-000-230-590	130,593	(44,105)	86,488	82,449	4,039
Supplies and Materials	11-000-230-610	5,773	2,184	7,957	7,628	329
BOE In-House Training/Meeting Supplies	11-000-230-630	1,000	1,164	2,164	1,850	314
Miscellaneous Expenditures	11-000-230-890	3,670	(1,164)	2,506	2,296	210
BOE Membership Dues & Fees	11-000-230-895	11,711	(177)	11,534	10,799	735
Total Support Services General Administration		516,505	50,000	566,505	556,070	10,435

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	560,347	7,214	567,561	517,936	49,625
Salaries of Other Professional Staff	11-000-240-104	20,160	-	20,160	13,712	6,448
Salaries of Secretarial & Clerical Assistants	11-000-240-105	132,810	770	133,580	125,709	7,871
Other Purchased Services	11-000-240-500	10,000	(2,130)	7,870	6,392	1,478
Supplies and Materials	11-000-240-600	11,000	194	11,194	7,124	4,070
Other Objects	11-000-240-800	8,500	1,856	10,356	9,776	580
Total Support Services School Administration		742,817	7,904	750,721	680,649	70,072
Central Services:						
Salaries	11-000-251-100	123,308	-	123,308	123,308	-
Salaries of Secretarial & Clerical Assistants	11-000-251-105	124,276	(10,472)	113,804	109,870	3,934
Purchased Professional & Technical Services	11-000-251-340	31,470	-	31,470	27,620	3,850
Travel	11-000-251-580	-	700	700	-	700
Miscellaneous Purchased Services	11-000-251-592	6,440	(700)	5,740	948	4,792
Supplies and Materials	11-000-251-600	3,500	(85)	3,415	3,292	123
Interest on Lease Purchases	11-000-251-832	47,751	-	47,751	-	47,751
Other Objects	11-000-251-890	1,340	85	1,425	1,425	-
Total Central Services		338,085	(10,472)	327,613	266,463	61,150
Administrative Information Technology:						
Salaries of Other Professional Staff	11-000-252-104	65,000	-	65,000	65,000	-
Purchased Technical Services	11-000-252-330	17,675	23,658	41,333	41,332	1
Other Purchased Services	11-000-252-500	85,000	(23,658)	61,342	24,153	37,189
Travel	11-000-252-580	200	-	200	-	200
Miscellaneous Purchased Services	11-000-252-590	400	-	400	-	400
Supplies and Materials	11-000-252-600	1,341	342	1,683	1,682	1
Other Objects	11-000-252-800	500	(342)	158	-	158
Total Administrative Information Technology		170,116	-	170,116	132,167	37,949
Allowable Maintenance for School Facilities:						
Salaries of Other Professional Staff	11-000-261-104	53,184	7,091	60,275	60,274	1
Other Salaries	11-000-261-110	60,090	(18,015)	42,075	39,497	2,578
Cleaning, Repair & Maintenance Services	11-000-261-420	107,257	79,407	186,664	111,346	75,318
General Supplies	11-000-261-610	42,444	3,518	45,962	33,288	12,674
Total Allowable Maintenance for School Facilities		262,975	72,001	334,976	244,405	90,571
Operation & Maintenance of Plant Services & School Facilities:						
Salaries of Other Professional Staff	11-000-262-104	32,934	4,391	37,325	37,325	-
Salaries of Secretarial & Clerical Assistants	11-000-262-105	23,996	(23,996)	-	-	-
Salaries of Non-Instructional Aides	11-000-262-107	55,207	(16,665)	38,542	33,586	4,956
Other Salaries	11-000-262-110	475,072	(80,356)	394,716	372,957	21,759
Unused Sick & Vacation	11-000-262-199	47,732	(26,878)	20,854	-	20,854
Purchased Professional & Technical Services	11-000-262-300	-	239	239	239	-
Other Purchased Services	11-000-262-390	-	1,814	1,814	1,813	1
Cleaning, Repair & Maintenance Services	11-000-262-420	63,105	(39,988)	23,117	21,811	1,306

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Other Purchased Services	11-000-262-490	75,000	19,414	94,414	28,192	66,222
Insurance	11-000-262-520	281,782	(5,491)	276,291	276,291	-
Miscellaneous Purchased Services	11-000-262-590	100	(100)	-	-	-
General Supplies	11-000-262-610	25,159	23,887	49,046	33,167	15,879
Energy (Natural Gas)	11-000-262-621	82,168	69,672	151,840	148,018	3,822
Energy (Electricity)	11-000-262-622	241,500	(30,316)	211,184	200,640	10,544
Other Objects	11-000-262-800	-	125	125	125	-
Total Operation & Maintenance of Plant Services & School Facilities		1,403,755	(104,248)	1,299,507	1,154,164	145,343
Care & Upkeep of Grounds:						
Salaries of Other Professional Staff	11-000-263-104	20,250	2,700	22,950	22,950	-
Other Salaries	11-000-263-110	48,577	-	48,577	35,973	12,604
Cleaning, Repair & Maintenance Services	11-000-263-420	64,528	3,242	67,770	48,971	18,799
Supplies and Materials	11-000-263-610	11,134	121	11,255	6,109	5,146
Total Care & Upkeep of Grounds		144,489	6,063	150,552	114,003	36,549
Student Transportation Services:						
Salaries of Secretarial & Clerical Assistants	11-000-270-105	-	38,589	38,589	38,588	1
Salaries of Non-Instructional Aides	11-000-270-107	57,343	13,640	70,983	70,982	1
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	113,209	(26,303)	86,906	86,537	369
(Between Home & School) - Special	11-000-270-161	126,792	(6,879)	119,913	100,421	19,492
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	53,396	(9,873)	43,523	33,622	9,901
Cleaning, Repair & Maintenance Services	11-000-270-420	31,400	1,490	32,890	32,887	3
Lease Purchase - School Buses	11-000-270-443	107,083	-	107,083	107,082	1
Contracted Services (Aid in Lieu of Payments) - (Choice Schools)	11-000-270-505	29,000	(8,328)	20,672	20,282	390
Contracted Services (Between Home & School) - Vendors	11-000-270-511	2,600	22,671	25,271	25,271	-
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	6,000	20,976	26,976	26,976	-
Contracted Services (Between Home & School) - Joint Agreement	11-000-270-513	-	16,729	16,729	7,771	8,958
Contracted Services (Special Education Students)	11-000-270-515	645,964	(40,132)	605,832	602,988	2,844
Miscellaneous Purchased Services - Transportation	11-000-270-593	38,858	-	38,858	37,361	1,497
General Supplies	11-000-270-610	1,000	-	1,000	281	719
Transportation Supplies	11-000-270-615	15,000	-	15,000	11,430	3,570
Miscellaneous Expenditures	11-000-270-800	400	-	400	-	400
Total Student Transportation Services		1,228,045	22,580	1,250,625	1,202,479	48,146
Unallocated Benefits - Employee Benefits:						
Social Security Contributions - Other	11-000-291-220	232,246	-	232,246	239,970	(7,724)
Other Retirement Contributions	11-000-291-241	285,387	(8,076)	277,311	268,389	8,922
Unemployment Compensation	11-000-291-250	60,883	(300)	60,583	45,812	14,771
Workmen's Compensation	11-000-291-260	272,412	-	272,412	257,514	14,898

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
Health Benefits	11-000-291-270	3,209,943	(41,691)	3,168,252	2,919,848	248,404
Tuition Reimbursements	11-000-291-280	16,201	10,337	26,538	11,700	14,838
Other Employee Benefits	11-000-291-290	64,512	(57,886)	6,626	5,875	751
Unused Sick Paymet to Terminaed Staff	11-000-291-299	65,691	(6,924)	58,767	36,665	22,102
Total Unallocated Benefits - Employee Benefits		4,207,275	(104,540)	4,102,735	3,785,773	316,962
Nonbudgeted:						
Post-Retirement Medical Contributions		-	-	-	774,270	(774,270)
Normal Pension Contributions		-	-	-	1,706,952	(1,706,952)
Long Term Disability		-	-	-	1,914	(1,914)
Reimbursed TPAF Social Security Contributions		-	-	-	588,286	(588,286)
Total Undistributed Expenditures		13,651,925	210,694	13,862,619	15,954,877	(2,092,258)
Total Expenditures - Current Expense		21,054,847	143,523	21,198,370	23,034,064	(1,835,694)
Capital Outlay:						
Equipment:						
School Sponsered Athletics	12-140-100-730	-	3,431	3,431	3,431	-
Undistributed Expenditures:						
Admin Information Technology	12-000-252-730	49,572	-	49,572	49,513	59
Required Maintenance for Schools	12-000-261-730	243,750	-	243,750	37,594	206,156
Total Equipment		293,322	3,431	296,753	90,538	206,215
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	-
Total Capital Outlay		300,793	3,431	304,224	98,009	206,215
Transfers to Charter Schools		71,526	-	71,526	66,276	5,250
Total Expenditures		21,427,166	146,954	21,574,120	23,198,349	(1,624,229)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures Before Other Financing Sources/(Uses)		(176,895)	(146,954)	(323,849)	1,388,023	1,711,872
Other Financing Sources/(Uses):						
Transfer Out - Preschool Programs	11-105-100-935	209,793	(39,471)	170,322	-	170,322
Interest on Capital Note		-	-	-	(67,312)	67,312
Total Other Financing Sources/(Uses)		209,793	(39,471)	170,322	(67,312)	237,634
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures After Other Financing Sources/(Uses)		(386,688)	(186,425)	(153,527)	1,320,711	1,949,506
Fund Balances, July 1		540,130	-	540,130	540,130	-
Fund Balances, June 30		\$ 153,442	\$ (186,425)	\$ 386,603	\$ 1,860,841	\$ 1,949,506

**PAULSBORO SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	<u>ACCOUNT NUMBERS</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)</u>
RECAPITULATION OF BUDGET TRANSFERS:						
Prior Year Reserve for Encumbrances			\$ 19,900			
Total Budget Transfers			<u>\$ 19,900</u>			
RECAPITULATION OF FUND BALANCE						
Restricted Fund Balance:						
Excess Surplus					\$ 808,665	
Capital Reserve					154,992	
Assigned Fund Balance:						
Year-End Encumbrances					138,980	
Designated for Subsequent Year's Expenditures					133,543	
Unassigned Fund Balance					<u>624,661</u>	
Subtotal					<u>1,860,841</u>	
Reconciliation to Governmental Fund Statements (GAAP):						
Last State Aid Payments Not Recognized on GAAP Basis					<u>(1,256,780)</u>	
Fund Balance per Governmental Funds (GAAP)					<u>\$ 604,061</u>	

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
REVENUES:					
State Sources	\$ 579,903	\$ 281,984	\$ 861,887	\$ 683,043	\$ (178,844)
Federal Sources	1,641,566	798,228	2,439,794	1,933,529	(506,265)
Local Sources	18,072	8,788	26,859	21,286	(5,573)
Total Revenues	2,239,541	1,089,000	3,328,541	2,637,858	(690,683)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	658,873	320,384	979,257	776,058	203,199
Other Salaries for Instruction	271,356	131,950	403,306	319,619	83,687
Purchased Professional - Educational Servi	142,242	69,167	211,409	167,541	43,868
Tuition	286,295	139,214	425,510	337,215	88,295
Supplies	356,007	173,112	529,119	419,325	109,794
Miscellaneous	5,136	2,497	7,633	6,049	1,584
Total Instruction	1,719,910	836,324	2,556,234	2,025,807	530,427
Support Services:					
Salaries of Teachers	120,977	58,827	179,804	142,494	37,310
Salaries of Other Professional Staff	68,398	33,259	101,657	80,563	21,094
Personal Services - Employee Benefits	162,232	78,887	241,119	191,086	50,033
Clerical Staff	5,051	2,456	7,507	5,949	1,558
Custodial Services	14,155	6,883	21,039	16,673	4,366
Purchased Professional - Educational Servi	610	297	907	719	188
Purchased Professional & Technical Servic	8,122	3,950	12,072	9,567	2,505
Travel	684	333	1,017	806	211
Miscellaneous	49,022	23,838	72,860	57,741	15,119
Total Support Services	429,253	208,729	637,981	505,598	132,383
Facilities Acquisition & Construction Services:					
Instructional Equipment	48,385	23,527	71,912	56,990	14,922
Non-Instructional Equipment	41,994	20,420	62,414	49,463	12,951
Total Facilities Acquisition & Construction Services	90,379	43,948	134,326	106,453	27,873
Total Expenditures	2,239,541	1,089,000	3,328,541	2,637,858	690,683
Other Financing Sources (Uses):					
Transfer from General Fund	-	-	-	-	-
Total Other Financing Sources (Uses):	-	-	-	-	-

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Total Outflows	-	-	-	-	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures &	2,239,541	1,089,000	3,328,541	2,637,858	690,683
	\$ -	\$ -	\$ -	\$ -	\$ -

**PAULSBORO SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI - PART II
FOR FISCAL YEAR ENDED JUNE 30, 2019**

**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)	\$ 24,586,372	\$ 2,637,858
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	1,152,760	-
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	(1,256,780)	-
	<hr/>	<hr/>
Total Revenue as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$ 24,482,352</u>	<u>\$ 2,637,858</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 23,265,661</u>	<u>\$ 2,637,858</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 23,265,661</u>	<u>\$ 2,637,858</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	2.55100%	0.02653%	0.02483%	0.02477%	0.02812%
School District's proportionate share of the net pension liability	\$ 5,022,869	\$ 6,175,380	\$ 7,355,195	\$ 5,561,163	\$ 5,265,350
School District's covered payroll	\$ 1,720,978	\$ 1,831,650	\$ 1,781,473	\$ 1,977,711	\$ 2,083,604
School District's proportionate share of the net pension liability as a percentage of its covered payroll	291.86%	337.15%	412.87%	281.19%	252.70%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%	40.14%	47.93%	52.08%

*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**

	2019	2018	2017	2016	2015
School District's contractually required contribution	\$ 253,746	\$ 245,757	\$ 220,624	\$ 212,986	\$ 231,840
Contributions in relation to the contractually required contribution	(253,746)	(245,757)	(220,624)	(212,986)	(231,840)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 1,803,009	\$ 1,720,978	\$ 1,831,650	\$ 1,781,473	\$ 1,977,711
Contributions as a percentage of covered payroll	14.07%	14.28%	12.05%	11.96%	11.72%

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*

	2,018.00	2017	2016	2015	2014
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	55,394,675	58,712,203	70,233,961	57,207,332	50,441,713
	<u>\$ 55,394,675</u>	<u>\$ 58,712,203</u>	<u>\$ 70,233,961</u>	<u>\$ 57,207,332</u>	<u>\$ 50,441,713</u>
School District's covered payroll	\$ 8,344,789	\$ 8,565,005	\$ 9,003,558	\$ 9,451,683	\$ 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%	48.10%	40.14%	47.93%	52.08%

*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 TWO FISCAL YEARS*

	2019	2018
Total OPEB Liability Associated with the School District		
Service Cost	\$ 1,656,113	\$ 1,994,487
Interest Cost	2,081,211	1,798,960
Difference between Expected and Actual Differences	(4,665,486)	-
Changes of Assumptions	(5,652,410)	(7,170,387)
Contributions: Member	45,521	48,707
Gross Benefit Payments	(1,317,097)	(1,322,753)
Net Change in Total OPEB Liability	(7,852,148)	(4,650,986)
Total OPEB Liability (Beginning)	57,108,475	61,759,461
Total OPEB Liability (Ending)	\$ 49,256,327	\$ 57,108,475
District's Covered Employee Payroll	\$ 10,147,798	\$ 10,285,983
District's Net OPEB Liability as a Percentage of Payroll	485%	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.

**PAULSBORO SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.25% as of June 30, 2017, to 4.86% as of June 30, 2018.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.00 % as of June 30, 2017, to 5.66% as of June 30, 2018

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.58% as of June 30, 2017, to 3.86% as of June 30, 2018.

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, 2019**

	<u>TITLE I</u>	<u>TITLE I SIA</u>	<u>TITLE II</u>	<u>TITLE III</u>	<u>I.D.E.A. PART B REGULAR</u>	<u>TITLE IV</u>	<u>I.D.E.A. PART B PRESCHOOL</u>	<u>RTTT PRESCHOOL EXPANSION</u>
Revenues:								
Federal Sources	\$ 973,929	\$ 42,829	\$ 70,662	\$ 258	\$ 374,062	\$ 47,269	\$ 11,907	\$ 412,613
Total Revenues	<u>\$ 973,929</u>	<u>\$ 42,829</u>	<u>\$ 70,662</u>	<u>\$ 258</u>	<u>\$ 374,062</u>	<u>\$ 47,269</u>	<u>\$ 11,907</u>	<u>\$ 412,613</u>
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 360,296	\$ 13,579	\$ 59,452	\$ 240	\$ 12,960	\$ -	\$ -	\$ 134,230
Other Salaries for Instruction	174,882	-	-	-	5,513	-	11,907	49,963
Purchased Professional - Educational Services	25,925	-	-	-	6,367	-	-	-
Tuition	-	-	-	-	337,215	-	-	-
Supplies	329,876	15,209	11,210	-	-	-	-	48,652
Total Instruction	<u>890,979</u>	<u>28,788</u>	<u>70,662</u>	<u>240</u>	<u>362,055</u>	<u>-</u>	<u>11,907</u>	<u>232,845</u>
Support Services:								
Salaries of Teachers	82,294	-	-	-	-	-	-	60,200
Salaries of Other Professional Staff	656	-	-	-	9,841	-	-	26,950
Personal Services-Employee Benefits	-	-	-	18	2,166	-	-	41,972
Purchased Professional - Educational Services	-	-	-	-	-	719	-	-
Other Purchased Services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	43,882	-	10,087
Travel	-	-	-	-	-	278	-	-
Total Support Services	<u>82,950</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>12,007</u>	<u>44,879</u>	<u>-</u>	<u>139,209</u>
Facilities Acquisition & Construction Services:								
Instructional Equipment	-	14,041	-	-	-	2,390	-	40,559
Total Facilities Acquisition & Construction Services:	<u>-</u>	<u>14,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,390</u>	<u>-</u>	<u>40,559</u>
Total Expenditures	<u>\$ 973,929</u>	<u>\$ 42,829</u>	<u>\$ 70,662</u>	<u>\$ 258</u>	<u>\$ 374,062</u>	<u>\$ 47,269</u>	<u>\$ 11,907</u>	<u>\$ 412,613</u>

PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

		NON-PUBLIC AID									
		HANDICAPPED SERVICES (CH. 193)					AUXILIARY SERVICES (CH. 192)				
		SUPPLEMENTAL INSTRUCTION	EXAM CLASSIFICATION	CORRECTIVE SPEECH	COMPENSATORY EDUCATION	ESL	TRANSPORT	SECURITY	TEXTBOOK	TECHNOLOGY	NURSING
Revenues:	State Sources	\$ 18,239	\$ 22,395	\$ 5,268	\$ 44,500	\$ 4,314	\$ 2,226	\$ 18,131	\$ 6,451	\$ 4,345	\$ 11,737
	Total Revenues	\$ 18,239	\$ 22,395	\$ 5,268	\$ 44,500	\$ 4,314	\$ 2,226	\$ 18,131	\$ 6,451	\$ 4,345	\$ 11,737
Expenditures:	Instruction:										
	Purchased Professional - Educational Services	\$ 18,239	\$ 22,395	\$ 5,268	\$ 44,500	\$ 4,314	\$ 2,226	\$ 18,131	\$ -	\$ -	\$ 11,737
	Supplies	-	-	-	-	-	-	-	6,451	4,345	-
	Total Instruction	18,239	22,395	5,268	44,500	4,314	2,226	18,131	6,451	4,345	11,737
	Total Expenditures	\$ 18,239	\$ 22,395	\$ 5,268	\$ 44,500	\$ 4,314	\$ 2,226	\$ 18,131	\$ 6,451	\$ 4,345	\$ 11,737

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

	PRESCHOOL EDUCATION PROGRAM AID	AEP COUNTY GRANT	DREXEL DONATIONS	TEACHER OF THE YEAR	EARN TO LEARN	G & T EXXON/MOBIL	TOTAL
Revenues:							
State Sources	\$ 545,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 683,043
Federal Sources	-	-	-	-	-	-	1,933,529
Local Sources	-	7,000	6,525	94	6,849	818	21,286
Total Revenues	\$ 545,437	\$ 7,000	\$ 6,525	\$ 94	\$ 6,849	\$ 818	\$ 2,637,858
Expenditures:							
Instruction:							
Salaries of Teachers	\$ 188,589	\$ 1,736	\$ -	\$ -	\$ 4,976	\$ -	\$ 776,058
Other Salaries for Instruction	77,354	-	-	-	-	-	319,619
Purchased Professional - Educational Services	8,439	-	-	-	-	-	167,541
Tuition	-	-	-	-	-	-	337,215
Supplies	2,297	-	-	94	373	818	419,325
Miscellaneous	-	-	4,930	-	1,119	-	6,049
Total Instruction	276,679	1,736	4,930	94	6,468	818	2,025,807
Support Services:							
Salaries of Other Professional Staff	37,852	5,264	-	-	-	-	80,563
Salaries of Teachers	-	-	-	-	-	-	142,494
Clerical Staff	5,949	-	-	-	-	-	5,949
Custodial Services	16,673	-	-	-	-	-	16,673
Personal Services - Employee Benefits	146,549	-	-	-	381	-	191,086
Purchased Professional - Educational Services	-	-	-	-	-	-	719
Other Purchased Services	9,567	-	-	-	-	-	9,567
Travel	528	-	-	-	-	-	806
Supplies	2,177	-	1,595	-	-	-	57,741
Total Support Services	219,295	5,264	1,595	-	381	-	505,598
Facilities Acquisition & Construction Services:							
Instructional Equipment	-	-	-	-	-	-	56,990
Non-Instructional Equipment	49,463	-	-	-	-	-	49,463
Total Facilities Acquisition & Construction Services:	49,463	-	-	-	-	-	106,453
Total Expenditures	545,437	7,000	6,525	94	6,849	818	2,637,858
Other Financing Sources (Uses):							
Transfer from General Fund	-	-	-	-	-	-	-
Total Outflows	\$ 545,437	\$ 7,000	\$ 6,525	\$ 94	\$ 6,849	\$ 818	\$ 2,637,858

**PAULSBORO SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 193,701	\$ 188,589	\$ 5,112
Other Salaries for Instruction	82,428	77,354	5,074
Purchased Professional - Educational Services	9,802	8,439	1,363
Supplies	2,298	2,297	1
Total Instruction	<u>288,229</u>	<u>276,679</u>	<u>11,550</u>
Support Services:			
Salaries of Other Professional Staff	95,123	37,852	57,271
Clerical Staff	5,950	5,949	1
Custodial Services	16,674	16,673	1
Personal Services - Employee Benefits	171,859	146,549	25,310
Other Purchased Services	9,568	9,567	1
Travel	528	528	-
Supplies	40,500	2,177	38,323
Total Support Services	<u>340,202</u>	<u>219,295</u>	<u>120,907</u>
Facilities Acquisition & Construction Services:			
Non-Instructional Equipment	64,294	49,463	14,831
Total Expenditures	<u>\$ 692,725</u>	<u>\$ 545,437</u>	<u>\$ 147,288</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2018-2019 Preschool Education Aid Allocation	\$ 692,725
Add: Budgeted Transfer from General Fund - Local Contribution	-
Add: Actual Preschool Education Aid Carryover (June 30, 2017)	<u> </u>
Total Preschool Education Aid Funds Available for 2016-2017 Budget	692,725
Less: 2018-2019 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(692,725)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	-
Add: June 30, 2019 Unexpended Preschool Education Aid Funds	<u>147,288</u>
2018-2019 Actual Carryover - Preschool Education Aid Funds	<u>\$ 147,288</u>
2018-2019 Preschool Education Aid Funds Carryover Budgeted in 2018-2019	<u>\$ -</u>

F. Capital Projects Fund

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**PAULSBORO SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2019**

ORIGINAL DATE	PROJECT TITLE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE 6/30/2019
			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	1,580,729	-	918,240
2015	Billingsport Elementary School - Unbundled Project, Exterior Closure, Plumbing	729,479	435,422	-	294,057
2015	Paulsboro High School - Unbundled Project, Exterior Closure, Plumbing	3,771,750	2,380,621	-	1,391,129
2015	Paulsboro High School Track Improvements	798,272	57,384	-	740,888
2015	Loudenslager Elementary School Basketball Courts	325,000	22,619	-	302,381
Total		\$ 8,780,040	\$ 5,101,383	\$ -	\$ 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, 2019**

Expenditures & Other Financing Uses:	
Purchased Professional Services	\$ -
Construction Services	-
	<hr/>
Total Expenditures	-
	<hr/>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-
Fund Balance - Beginning	<u>3,678,657</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, 2019**

	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, 2019**

	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	6/3/2015
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, 2019**

	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	219,340		219,340	226,830
Construction Services	1,360,767	-	1,360,767	2,267,307
Miscellaneous	622	-	622	4,832
Total Expenditures	1,580,729	-	1,580,729	2,498,969
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 918,240	\$ -	\$ 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	\$ 2,469,969
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, 2019**

	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	101,808		101,808	88,308
Construction Services	333,481		333,481	639,829
Miscellaneous	133		133	1,342
Total Expenditures	435,422	-	435,422	729,479
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 294,057	\$ -	\$ 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	\$ 729,749
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 729,749
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	59.67%
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, 2019**

	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	290,160		290,160	244,183
Construction Services	2,090,298		2,090,298	3,520,320
Miscellaneous	163		163	7,247
Total Expenditures	2,380,621	-	2,380,621	3,771,750
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 1,391,129	\$ -	\$ 1,391,129	\$ -

ADDITIONAL PROJECT INFORMATION

DOE Project #	4020-050-14-1001
SDA Project #	4020-050-14-G
Grant Date	GO
Bond Authorization Date	6/2/2015
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, 2019**

	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
Expenditures & Other Financing Uses:				
Purchased Professional Services	57,384		57,384	63,900
Construction Services	-		-	734,327
Total Expenditures	57,384	-	57,384	798,272
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ (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	\$ 798,272
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, 2019**

	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	
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, 2019**

	<u>FOOD SERVICE</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 14,787
Accounts Receivable:	
State	396
Federal	33,468
Other	-
Interfund Accounts Receivable	37,150
Inventories	18,755
	104,556
Total Current Assets	
	104,556
Noncurrent assets:	
Furniture, Machinery & Equipment	102,082
Less: Accumulated Depreciation	(94,769)
	7,313
Total Noncurrent Assets	
	7,313
Total Assets	
	111,869
 LIABILITIES	
Accounts Payable	
	-
Interfund Payable	
	-
Unearned Revenue	
	8,911
Long-Term Liabilities:	
Compensated Absences Payable	13,191
	13,191
Total Liabilities	
	22,102
 NET POSITION	
Net Investment in Capital Assets	
	7,313
Unrestricted	
	82,454
	82,454
Total Net Position	
	\$ 89,767

**PAULSBORO SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2019**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 10
Daily Sales - Nonreimbursable Programs	27,235
	27,245
Total Operating Revenues	27,245
Operating Expenses:	
Cost of Sales - Reimbursable Programs	343,954
Cost of Sales - Non-Reimbursable programs	19,071
Salaries	230,427
Employee Benefits	85,877
Supplies & Materials	27,319
Management Fee	40,500
Other Miscellaneous	3,118
Depreciation	836
	751,102
Total Operating Expenses	751,102
Operating Income/(loss)	(723,857)
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	8,373
Federal Sources:	
National School Lunch Program	465,132
National School Lunch HHFKA	9,218
School Breakfast Program	216,554
After School Snacks	8,065
Food Distribution Program	53,698
	761,040
Total Nonoperating Revenues/(Expenses)	761,040
Income/(Loss) Before Contributions & Transfers	37,183
Change in Net Position	37,183
Total Net Position - Beginning	52,584
Total Net Position - Ending	\$ 89,767

**PAULSBORO SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2019**

FOOD
SERVICE

Cash Flows From Operating Activities:	
Receipts from Customers	\$ 31,765
Payments to Employees	(230,427)
Payments For Employee Benefits	(85,877)
Payments to Suppliers	(419,690)
	(704,229)
Net Cash Provided/(Used) by Operating Activities	(704,229)
Cash Flows From Noncapital Financing Activities:	
Cash Received from Federal & State Reimbursements	719,016
	719,016
Net Cash Provided/(Used) by Noncapital Financing Activities	719,016
Cash Flows From Investing Activities:	
Interfund Returned	3,265
	3,265
Net Cash Provided/(Used) by Investing Activities	3,265
Net Increase/(Decrease) in Cash & Cash Equivalents	14,787
Balances - Beginning of Year	14,787
Balances - End of Year	\$ 14,787

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

Operating Income/(Loss)	\$ (723,857)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Depreciation	836
Food Distribution Program	53,698
Changes in Assets & Liabilities:	
(Increase)/Decrease in Inventory	360
Increase/(Decrease) in Accounts Payable	(36,521)
(Increase)/Decrease in Accounts Receivable	-
(Increase)/Decrease in Interfund Receivable	3,319
Increase/(Decrease) in Interfund Payable	(3,265)
Increase/(Decrease) in Unearned Revenue	1,201
Increase/(Decrease) in Compensated Absences Payable	-
	19,628
Total Adjustments	19,628
Net Cash Provided/(Used) by Operating Activities	\$ (704,229)

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H. Fiduciary Fund

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**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

ASSETS	PRIVATE PURPOSE	AGENCY		TOTAL
	<u>SCHOLARSHIP</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	
Cash & Cash Equivalents	\$ 125,302	\$ 65,823	\$ 134,293	\$ 325,418
Interfund Receivable		-	-	-
Total Assets	125,302	65,823	134,293	325,418
LIABILITIES				
Payroll Deductions & Withholdings	-	-	57,256	57,256
Due to Student Groups	-	65,323	-	65,323
Interfund Payable	-	500	77,037	77,537
Total Liabilities	-	65,823	134,293	200,116
NET POSITION				
Held in Trust for Scholarships	125,302	-	-	125,302
Total Net Position	\$ 125,302	\$ -	\$ -	\$ 125,302

**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>PRIVATE PURPOSE SCHOLARSHIP FUND</u>
ADDITIONS	
Contributions:	
Other	\$ 54,536
Total Contributions	<u>54,536</u>
Investment Earnings:	
Interest	<u>298</u>
Net Investment Earnings	<u>298</u>
Total Additions	<u>54,834</u>
DEDUCTIONS	
Scholarship Payments	<u>82,496</u>
Total Deductions	<u>82,496</u>
Change in Net Position	(27,662)
Net Position - Beginning of the Year	<u>152,964</u>
Net Position - End of the Year	<u><u>\$ 125,302</u></u>

**PAULSBORO SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

	BALANCE JULY 1, <u>2018</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2019</u>
Elementary Schools:				
Billingsport	\$ 7,785	\$ 2,512	\$ 2,578	\$ 7,719
Loudenslager	3,061	5,620	8,198	483
Total Elementary Schools	10,846	8,132	10,776	8,202
High School:				
General	58,357	136,902	137,638	57,621
Total High School	58,357	136,902	137,638	57,621
Total Student Activity	\$ 69,203	\$ 145,034	\$ 148,414	\$ 65,823

**SCHEDULE OF PAYROLL AGENCY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

	BALANCE JULY 1, <u>2018</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2019</u>
ASSETS				
Cash & Cash Equivalents	\$ 133,197	\$ 15,731,316	\$ 15,730,220	\$ 134,293
Total Assets	\$ 194,809	\$ 15,731,316	\$ 15,730,220	\$ 134,293
LIABILITIES				
Payroll Deductions & Withholdings	\$ 124,491	\$ 8,586,266	\$ 8,653,501	\$ 57,256
Employees Net Payroll	-	7,076,719	7,076,719	-
Interfund Payable	8,706	68,331	-	77,037
Total Liabilities	\$ 133,197	\$ 15,731,316	\$ 15,730,220	\$ 134,293

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I. Long-Term Debt

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**PAULSBORO SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2019**

<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, 2018</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2019</u>	
General Obligation Bonds	04/01/2015	\$ 3,132,000	4/1/2020	125,000	3.00%	\$ 2,797,000	\$ -	\$ 115,000	\$ 2,682,000	
			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%					
							<u>\$ 2,797,000</u>	<u>\$ -</u>	<u>\$ 115,000</u>	<u>\$ 2,682,000</u>

**PAULSBORO SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<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, 2018</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2019</u>
2 School Buses - 24 Passenger	10/9/2015	5 years	\$ 106,098	2.34%	\$ 45,835		\$ 22,653	\$ 23,182
Technology Equipment	9/2/2016	4 years	462,369	1.47%	231,421		114,866	116,555
2 School Buses - 54 Passenger	9/2/2016	5 years	199,768	1.56%	138,693		45,517	93,176
2 School Buses - 54 Passenger	7/15/2017	5 years	232,396	2.186%	197,807		31,352	166,455
					<u>\$ 613,756</u>	<u>\$ -</u>	<u>\$ 214,388</u>	<u>\$ 399,368</u>

**PAULSBORO SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019**

	<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	\$ 199,502	\$ -	\$ 199,502	\$ 199,502	\$ -
Miscellaneous	2,993	(2,993)	-	1,545	1,545
Total Revenues	202,495	(2,993)	199,502	201,047	1,545
Expenditures:					
Regular Debt Service:					
Interest	87,495	-	87,495	87,495	-
Principal	115,000	-	115,000	115,000	-
Total Expenditures	202,495	-	202,495	202,495	-
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	-	(2,993)	(2,993)	(1,448)	1,545
Fund Balance, July 1	26,490	-	26,490	26,490	-
Fund Balance, June 30	\$ 26,490	\$ (2,993)	\$ 23,497	\$ 25,042	\$ 1,545

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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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
Net Investment in Capital Assets	\$ 6,532,615	\$ 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
Restricted	2,810,991	1,848,782	2,455,511	2,777,753	3,213,715	639,243	195,093	89,965	32,235	2,329,313
Unrestricted	(7,229,386)	(7,567,649)	(6,047,910)	(4,795,265)	(4,852,931)	(18,864)	246,981	634,785	815,668	(1,698,969)
Total Governmental Activities	\$ 2,114,220	\$ 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
Business-Type Activities:										
Net Investment in Capital Assets	\$ 7,313	\$ 8,149	\$ 8,985	\$ 9,821	\$ 5,234	\$ 7,464	\$ 15,955	\$ 17,515	\$ 25,441	\$ 33,936
Unrestricted	82,454	44,435	144,045	105,832	78,339	(2,390)	96,785	96,583	143,129	72,562
Total Business-Type Activities	\$ 89,767	\$ 52,584	\$ 153,030	\$ 115,653	\$ 83,573	\$ 5,074	\$ 112,740	\$ 114,098	\$ 168,570	\$ 106,498
Government-Wide:										
Net Investment in Capital Assets	\$ 6,539,928	\$ 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
Restricted	2,810,991	1,848,782	2,455,511	2,777,753	3,213,715	201,955	195,093	89,965	32,235	2,329,313
Unrestricted	(7,146,932)	(7,523,214)	(5,903,865)	(4,689,433)	(4,774,592)	416,034	343,766	731,368	958,797	(1,626,407)
Total District Net Position	\$ 2,203,987	\$ 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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 5,387,277	\$ 5,858,718	\$ 5,648,527	\$ 6,058,930	\$ 5,864,909	\$ 5,348,121	\$ 5,034,386	\$ 5,205,071	\$ 4,763,317	\$ 5,268,425
Special Education	3,478,543	2,911,933	3,247,102	3,159,325	3,049,687	3,143,366	2,868,367	3,063,340	3,111,445	3,627,921
Other Special Instruction	-	-	-	7,522	83,466	579,314	574,828	583,035	575,042	243,456
Other Instruction	407,557	490,712	565,651	541,434	531,998	485,817	480,130	454,721	457,148	478,573
Support Services & Undistributed Costs:										
Tuition	3,409,709	3,282,778	2,717,272	1,843,059	1,525,656	1,669,618	1,834,598	1,727,154	1,664,571	1,427,257
Attendance & Social Work Services	51,423	57,930	73,028	72,648	69,198	71,426	67,723	71,426	69,198	71,426
Health Services	291,559	296,077	262,492	208,939	200,158	192,288	173,335	7,486,822	6,914,061	7,107,983
Other Support Services	789,567	1,089,809	1,109,951	994,546	1,070,026	1,034,322	1,130,267	888,305	901,402	867,692
Improvement of Instructional Services	176,272	260,343	365,359	246,562	314,271	384,487	252,906	721,692	722,951	662,666
Educational Media Services	193,331	204,270	372,783	345,339	299,784	349,939	368,466	1,506,238	1,443,238	1,467,734
Instructional Staff Training Services	57,770	54,878	28,192	30,339	25,524	32,050	36,780	568,229	514,984	541,498
General Administration	556,070	577,922	409,890	451,708	437,673	380,548	402,263	16,382	-	-
School Administration	680,649	751,436	953,041	925,178	912,215	868,322	864,657	-	-	-
Central Services	266,463	239,446	262,821	247,573	236,181	232,388	239,882	-	-	-
Administrative Information Technology	132,167	144,582	68,743	73,473	102,135	105,689	96,763	31,854	42,310	52,798
Plant Operations & Maintenance	1,699,340	1,565,345	1,393,830	1,609,360	1,545,376	1,447,747	1,519,474	430,263	410,167	395,963
Pupil Transportation	1,102,957	930,714	849,518	678,201	743,131	602,489	557,207	-	-	-
Transfer to Charter Schools	66,276	137,545	-	-	-	-	18,365	-	-	-
Unallocated Benefits	9,336,950	11,918,534	6,767,235	8,068,790	8,058,016	5,590,178	6,089,312	-	-	-
Interest on Long-Term Debt	153,944	113,641	102,702	99,550	27,734	18,580	21,399	-	-	-
Unallocated Adjustment to Compensated Absences	-	-	-	31,242	29,261	(86,990)	16,334	-	-	-
Unallocated Depreciation	574,493	635,942	496,048	518,503	362,438	342,411	974,617	-	-	-
Adjustment to Capital Assets	-	-	-	-	(28,640)	92,282	(6,383)	-	-	-
Total Governmental Activities Expenses	28,812,317	31,522,555	25,694,185	26,212,221	25,460,197	22,884,392	23,615,676	22,683,106	21,520,636	22,141,966
Business-Type Activities:										
Food Service	751,102	883,504	765,941	756,712	714,814	754,692	678,722	653,091	626,024	609,213
Total Business-Type Activities Expense	751,102	883,504	765,941	756,712	714,814	754,692	678,722	653,091	626,024	609,213
Total District Expenses	\$ 29,563,419	\$ 32,406,059	\$ 26,460,126	\$ 26,968,933	\$ 26,175,011	\$ 23,639,084	\$ 24,294,398	\$ 23,336,197	\$ 22,146,660	\$ 22,751,179
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 6,349,007	\$ 9,353,972	\$ 4,352,068	\$ 6,667,295	\$ 5,835,066	\$ 3,490,926	\$ 3,637,019	\$ 1,817,188	\$ 1,958,327	\$ 2,528,338
Total Governmental Activities Program Revenues	6,349,007	9,353,972	4,352,068	6,667,295	5,835,066	3,490,926	3,637,019	1,817,188	1,958,327	2,528,338

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FISCAL YEAR ENDING JUNE 30,										
Business-Type Activities:										
Charges for Services:										
Food Service	27,245	32,690	37,214	29,850	24,624	62,328	71,973	71,266	83,878	86,321
Operating Grants & Contributions	761,040	750,368	766,104	758,942	768,689	584,698	535,391	527,353	454,218	507,734
Total Business Type Activities	788,285	783,058	803,318	788,792	793,313	647,026	607,364	598,619	538,096	594,055
Program Revenues										
Total District Program Revenues	\$ 7,137,292	\$ 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
Net (Expense)/Revenue:										
Governmental Activities	\$ (22,463,310)	\$ (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)
Business-Type Activities	37,183	(100,446)	37,377	32,080	78,499	(107,666)	(71,358)	(54,472)	(87,928)	(15,158)
Total Government-Wide Net Expense	\$ (22,426,127)	\$ (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)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 6,108,976	\$ 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
Taxes Levied for Debt Service	199,502	200,356	202,511	196,165	118,292	143,066	150,644	155,803	160,965	138,099
Unrestricted Grants & Contributions	15,304,232	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
Tuition	1,523,090	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
Miscellaneous Income	400,571	580,863	308,862	282,936	500,805	371,979	259,446	103,918	126,291	39,548
Transfers	-	-	-	-	-	-	(70,000)	-	(150,000)	(202,000)
Unallocated Adjustment to Compensated Absences	-	-	-	-	-	-	-	58,287	(10,401)	(66,439)
Cancellation of Account Receivable	-	-	-	-	-	-	-	(151,815)	-	-
Insurance Recovery Related to Impaired Capital Asset	-	-	-	-	-	92,282	-	-	-	-
Total Governmental Activities	23,536,371	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
Business-Type Activities:										
Transfers	-	-	-	-	-	-	70,000	-	150,000	202,000
Total Business-Type Activities	-	-	-	-	-	-	70,000	-	150,000	202,000
Total Government-Wide	\$ 23,536,371	\$ 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
Change in Net Position:										
Governmental Activities	\$ 1,073,061	\$ (758,633)	\$ (515,764)	\$ 1,652,531	\$ 288,347	\$ 215,928	\$ (725,295)	\$ 50,781	\$ 506,546	\$ 827,800
Business-Type Activities	37,183	(100,446)	37,377	32,080	78,499	(107,666)	(1,358)	(54,472)	62,072	186,842
Total District	\$ 1,110,244	\$ (859,079)	\$ (478,387)	\$ 1,684,611	\$ 366,846	\$ 108,262	\$ (726,653)	\$ (3,691)	\$ 568,618	\$ 1,014,642

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Restricted	\$ 808,665	\$ -	\$ 254,599	\$ 272,979	\$ 121,823	\$ 176,509	\$ 173,066	\$ 100,000	\$ 45,754	\$ 2,346,318
Assigned	272,523	406,587	1,842,073	1,752,539	1,649,640	1,335,222	1,239,083	1,590,172	1,463,127	-
Unassigned	(632,119)	(1,019,217)	(986,695)	-	-	-	15,181	-	-	(1,033,970)
Total General Fund	\$ 449,069	\$ (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
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	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	25,042	26,490	8,582	7,323	1,735	2	2	-	3	2
Total All Other Governmental Funds	\$ 1,847,334	\$ 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
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Tax Levy	6,308,478	6,020,338	5,908,377	5,790,151	5,602,592	5,519,831	5,285,708	4,956,902	4,867,925	4,996,962
Tuition Charges	1,523,090	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
Transportation Fees	-	-	-	-	-	-	3,330	-	-	-
Miscellaneous	400,571	507,917	270,497	768,046	501,712	371,979	256,116	349,509	141,419	64,764
State Sources	17,090,825	16,627,971	15,938,942	15,987,493	14,544,749	14,215,136	14,357,076	13,873,198	13,757,771	12,607,611
Federal Sources	1,998,293	1,491,452	1,733,710	1,829,312	1,378,426	1,334,795	1,445,004	1,884,895	1,709,567	4,238,297
Total Revenue	27,321,257	25,862,787	25,178,421	25,937,695	23,523,646	23,008,038	22,960,381	22,827,415	22,187,583	23,238,205
Expenditures:										
Instruction:										
Regular Instruction	5,387,277	5,858,718	5,648,527	6,058,930	5,864,909	5,348,121	5,034,386	5,205,071	4,763,317	5,268,425
Special Education Instruction	3,478,543	2,911,933	3,247,102	3,159,325	3,049,687	3,143,366	2,868,367	3,063,340	3,111,445	3,627,921
Other Special Instruction	-	-	-	7,522	83,466	579,314	574,828	583,035	575,042	243,456
Other Instruction	407,557	490,712	565,651	541,434	531,998	485,817	480,130	454,721	457,148	478,573
Support Services:										
Tuition	3,409,709	3,282,778	2,717,272	1,843,059	1,525,656	1,669,618	1,834,598	1,727,154	1,664,571	1,427,257
Attendance & Social Work Services	51,423	57,930	73,028	72,648	69,198	71,426	67,723	7,486,822	6,914,061	7,107,983
Health Services	291,559	296,077	262,492	208,939	200,158	192,288	173,335	888,305	901,402	867,692
Other Support Services	904,433	1,089,809	1,109,951	994,546	1,070,026	1,034,322	1,130,267	-	-	-
Improvement of Instructional Services:	176,272	260,343	365,359	246,562	314,271	384,487	252,906	721,692	722,951	662,666
Educational Media Services	193,331	204,270	372,783	345,339	299,784	349,939	368,466	1,523,894	1,437,167	1,467,734
Instructional Staff Training Services	57,770	54,878	28,192	30,339	25,524	32,050	36,780	568,229	514,984	541,498
General Administration	556,070	577,922	409,890	451,708	437,673	380,548	402,263	-	-	-
School Administration	680,649	751,436	953,041	925,178	912,215	868,322	864,657	-	-	-
Central Services	266,463	239,446	262,821	247,573	236,181	232,388	239,882	-	-	-
Administrative Information Technology	132,167	144,582	68,743	73,473	102,135	105,689	96,763	-	-	-
Plant Operations & Maintenance	1,512,572	1,565,345	1,393,830	1,609,360	1,545,376	1,447,747	1,514,629	-	-	-
Pupil Transportation	1,202,479	930,714	849,518	678,201	743,131	602,489	557,207	-	-	-
Unallocated Benefits	6,857,195	6,952,370	6,434,487	6,127,742	5,819,504	5,590,178	6,089,312	-	-	-
Capital Outlay	204,462	1,906,429	1,951,677	2,552,899	249,545	204,417	250,090	306,171	424,855	88,558
Debt Service:										
Principal	115,000	329,744	265,631	110,000	235,000	275,370	280,370	280,370	280,370	285,370
Interest & Other Charges	87,495	1,090,022	1,045,576	86,165	4,700	14,528	24,884	35,339	45,795	56,350
Total Expenditures	25,972,426	28,014,458	27,084,571	26,370,942	23,320,137	23,012,424	23,141,843	22,844,143	21,813,108	22,123,483
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,348,831	(2,151,671)	(1,906,150)	(433,247)	203,509	(4,386)	(181,462)	(16,728)	374,475	1,114,722
Other Financing Sources/(Uses):										
Transfers to Charter Schools	(66,276)	(137,545)	-	-	-	-	(18,365)	(16,382)	-	-
Cancellation of Prior Year Receivable	-	-	-	-	-	-	-	(151,815)	-	-
Transfers Out	-	-	-	-	-	-	(70,000)	-	(150,000)	(202,000)
Insurance Recovery Related to Impaired Capital Asset	-	-	-	-	-	92,282	-	-	-	-
Bond Proceeds	-	-	-	-	3,132,000	-	-	-	-	-
Capital Lease Proceeds	-	232,396	662,137	106,098	-	-	-	-	-	-
Interest on Capital Note	(67,312)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	(133,588)	94,851	662,137	106,098	3,132,000	92,282	(88,365)	(168,197)	(150,000)	(202,000)
Net Change in Fund Balances	\$ 1,215,243	\$ (2,056,820)	\$ (1,244,013)	\$ (327,149)	\$ 3,335,509	\$ 87,896	\$ (269,827)	\$ (184,925)	\$ 224,475	\$ 912,722
Debt Service as a Percentage of Noncapital Expenditures	0.8%	1.7%	1.5%	0.8%	1.0%	1.3%	1.3%	1.4%	1.5%	1.6%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	REFUNDS	STUDENT ACTIVITY FEES	TRANSPORTATION FEES	TUITION	MISCELLANEOUS	TOTAL
2019	\$ 4,031	\$ 43,166	\$ 9,647	\$ 5,355	\$ 1,523,090	\$ 315,541	\$ 1,900,830
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

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	361,116,300	1,465,264	362,581,564	1.571	387,272,513
2014	4,329,400	223,713,100	19,300	30,984,100	127,402,300	8,367,700	394,815,900	1,417,859	396,233,759	1.294	409,133,443
*2013	4,774,900	225,189,900	18,800	31,971,100	128,484,600	8,453,500	398,892,800	1,622,710	400,515,510	1.310	446,122,607
2012	3,183,800	141,684,900	19,000	49,472,600	47,463,800	5,894,500	247,718,600	1,140,017	248,858,617	2.120	450,989,485
2011	3,301,000	141,909,600	19,000	49,918,600	48,309,232	5,894,500	249,351,932	1,063,294	250,415,226	1.960	495,092,817
2010	3,555,500	141,840,200	19,000	35,368,100	50,723,400	6,867,500	238,373,700	1,114,797	239,488,497	2.060	467,139,776

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		
2019	1.885	1.885	1.494	0.034	0.622	0.039	4.074	
2018	1.722	1.722	1.375	0.035	0.667	0.042	3.841	
2017	1.722	1.722	1.383	0.034	0.661	0.042	3.825	
2016	1.705	1.705	1.354	0.034	0.638	0.042	3.644	
2015	1.576	1.576	1.315	0.035	0.657	0.045	3.623	
2014	1.571	1.571	1.294	0.03	0.594	0.042	3.258	
*2013	1.294	1.294	1.272	0.04	0.628	0.046	3.293	
2012	1.310	1.310	1.970	-	0.920	0.070	5.080	
2011	2.120	2.120	2.035	-	1.016	0.082	5.093	
2010	1.960	1.960	2.010	-	0.980	0.080	5.130	

* Reassessment

Source: Municipal Tax Collector

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

TAXPAYER	2019		
	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	\$ 121,708,700		34.00%

2010		
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	
2019	\$ 6,308,478	\$ 6,308,478	100.00%	-
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%	-

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				ANTICIPATION NOTES (BANs)	BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT
	GENERAL OBLIGATION BONDS	LOANS PAYABLE	CAPITAL LEASES	CAPITAL LEASES			
2019	\$ 2,682,000	\$ -	\$ 399,368	\$ -	\$ -	\$ 3,081,368	
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	

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 <u>JUNE 30.</u>	<u>GENERAL BONDED DEBT OUTSTANDING</u>			PERCENTAGE OF ACTUAL TAXABLE VALUE OF <u>PROPERTY</u>	<u>PER CAPITA</u>
	<u>GENERAL OBLIGATION BONDS</u>	<u>DEDUCTIONS</u>	<u>NET GENERAL BONDED DEBT OUTSTANDING</u>		
2019	\$ 2,682,000	\$ -	\$ 2,682,000	0.75%	N/A
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

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018**

GOVERNMENTAL UNIT	NET DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Paulsboro	\$ 8,108,034	100.00%	\$ 8,108,034
County of Gloucester General Obligation Debt	214,100,594	1.24%	<u>2,646,681</u>
Subtotal, Overlapping Debt			10,754,715
Paulsboro School District Direct Debt			<u>2,682,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 13,436,715</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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	\$ 14,550,605	\$ 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
Total Net Debt Applicable to Limit	2,682,000	2,797,000	2,912,000	3,022,000	3,132,000	235,000	480,000	790,740	1,071,110	1,351,480
Legal Debt Margin	\$ 11,868,605	\$ 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
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.43%	18.88%	19.43%	19.56%	19.09%	1.36%	2.65%	4.30%	5.68%	7.64%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2018	\$ 348,971,050
2017	369,800,124
2016	372,524,224
	<u>\$ 1,091,295,398</u>
Average Equalized Valuation of Taxable Property	<u>\$ 363,765,133</u>
Debt Limit (4 % of Average Equalization Value)	\$ 14,550,605
Net Bonded School Debt	<u>2,682,000</u>
Legal Debt Margin	<u>\$ 11,868,605</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 NJSIA 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>
2019	N/A	N/A	N/A	N/A
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%

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,							
	2019	2018	2017	2016	2015	2014	2013	2012
School Staff Members *	154.0	153.0	167.0	160.0	156.0	161.0	166.0	159.0
Technology	2.0	3.0	3.0	3.0	2.0	2.0	2.0	3.0
School Administration	11.0	12.0	16.0	16.0	18.0	18.0	16.0	17.0
Business Administrators Office	3.5	3.5	3.6	3.0	3.0	3.0	3.0	3.0
Superintendents Office	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations & Maintenance	19.5	18.0	18.0	17.0	17.0	16.0	19.0	19.0
Transportation	9.5	6.5	6.0	6.0	4.0	5.0	5.0	6.0
Food Services	4.0	4.0	4.0	4.0	4.0	9.0	11.0	12.0
Total	206.5	202.0	219.6	211.0	206.0	216.0	224.0	221.0

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				
2019	1,122	\$ 25,631,745	\$ 22,845	-1.56%	106	13	14	9	1,159	1,076	3.76%	92.84%
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%

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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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	370	343	343	369	330	333	334	347	358	353
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)	325	270	270	282	305	315	315	322	302	327
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	162	180	180	149	150	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	317	319	336	323	366	510	509	547	574	621
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
2019	\$ 186,915	\$ 26,733	\$ 30,757	\$ 244,405
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

* 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, 2019**

	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, 2019, 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 March 23, 2020.

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.

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.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as Findings No.'s 2019-001 and 2019-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey as finding no's. 2019-003 and 2019-004.

We also noted certain immaterial instances of noncompliance that are not required to be reported under *Governmental Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, that we reported to management in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated March 23, 2020.

The Paulsboro School District's Response to Findings

The Paulsboro School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
March 23, 2020

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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, 2019. 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and New Jersey OMB's Circular 15-08, which are described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings – Financial Compliance and Performance as Finding No's. 2019-001, 2019-002 and 2019-004. Our opinion on each major state program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weaknesses.

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 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 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 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. We consider the deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs, as Finding No.'s 2019-001, 2019-002 and 2019-004.

The Paulsboro School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Paulsboro School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
March 23, 2020

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PAULSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2018	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	BALANCE, JUNE 30, 2019	
										(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
93.778	1705NJSMAP	100-054-7540-211	\$ 64,764	7/1/18-6/30/19	\$ -	64,764	(64,764)	\$ -	\$ -	\$ -	\$ -
					(14,944)	14,944	(216,554)	-	-	(10,928)	-
					(14,944)	220,570	(216,554)	-	-	(10,928)	-
					-	443,187	(465,132)	-	-	(21,945)	-
					(29,287)	29,287	(8,065)	-	-	(159)	-
					(239)	7,906	(8,065)	-	-	(159)	-
					9,218	8,782	(9,218)	-	-	(436)	-
					8,666	558	(45,988)	-	-	-	8,911
					54,899	54,899	(7,710)	-	-	-	8,911
					50,935	544,858	(536,113)	-	-	(22,540)	8,911
					(37,318)	765,428	(752,667)	-	-	(33,468)	8,911
					(37,318)	765,428	(752,667)	-	-	(33,468)	8,911
					(88,656)	100,386	(11,730)	-	-	-	-
					357,799	3,605,544	(359,057)	-	-	-	1,487
					254,000	3,275	(3,275)	-	-	-	-
					(652,381)	4,602,930	(374,062)	-	-	-	1,487
					(8,744)	8,746	(2)	-	-	-	-
					(8,744)	4,858	(11,995)	-	-	(7,047)	-
						13,604	(11,907)	-	-	(7,047)	-
					(941,125)	474,534	(385,969)	-	-	(7,047)	1,487
					(254,007)	504,189	(250,182)	-	-	-	-
					888,833	862,931	(723,747)	-	-	-	139,184
					(254,007)	1,367,120	(973,929)	-	-	-	139,184
					35,239	46,661	(42,829)	-	-	-	3,832
						46,661	(42,829)	-	-	-	3,832
					11,710	5,889	(258)	-	-	-	1,631
					(4,000)	5,889	(258)	-	-	-	1,631
					(26,900)	34,104	(7,204)	-	-	-	-
					(26,900)	75,327	(63,458)	-	-	-	11,869
						109,431	(70,662)	-	-	-	11,869
					53,422	47,685	(47,269)	-	-	-	416
						47,685	(47,269)	-	-	-	416
					22,789	47,685	(47,269)	-	-	-	1,050
					(202,742)	322,567	(119,825)	-	-	-	-
					(202,742)	331,969	(292,788)	-	-	-	39,181
						654,536	(412,613)	-	-	-	39,181
					(580,724)	2,705,856	(1,933,529)	-	-	(7,047)	198,650
					(618,042)	3,536,048	(2,750,960)	-	-	(40,515)	207,561

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, 2019

GRANT OR STATE PROJECT NUMBER	STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2018	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS BALANCES	ADJUSTMENT	BALANCE JUNE 30, 2019		MEMO CUMULATIVE TOTAL EXPENDITURES
										ACCOUNTS RECEIVABLE	UNEARNED REVENUE	
New Jersey Department of Education:												
General Fund Public:												
495-034-5120-068	School Choice Aid	7/1/18-6/30/19	\$ 63,390	\$ -	\$ 63,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,390
495-034-5120-078	Enrichment Aid	7/1/18-6/30/19	11,611,950	-	(11,611,950)	-	-	-	-	-	-	11,611,950
495-034-5120-084	Security Aid	7/1/18-6/30/19	498,216	-	(498,216)	-	-	-	-	-	-	498,216
495-034-5120-089	Special Education Categorical Aid	7/1/18-6/30/19	715,226	-	(715,226)	-	-	-	-	-	-	715,226
	Total State Aid Public		12,888,782	-	(12,888,782)	-	-	-	-	-	-	12,888,782
495-034-5120-014	Transportation Aid	7/1/17-6/30/19	179,476	-	(179,476)	-	-	-	-	-	-	179,476
495-034-5120-044	Insurance Aid	7/1/17-6/30/19	248,143	(348,143)	-	-	-	-	-	-	-	-
495-034-5120-044	Expenditure Aid	7/1/18-6/30/19	372,122	(372,122)	-	-	-	(372,122)	-	-	-	-
495-034-5094-003	Reimbursed TPAF Social Security Contributions	7/1/18-6/30/19	588,286	-	(588,286)	-	-	(588,286)	-	-	-	588,286
495-034-5094-001	TPAF - Post Retirement	7/1/18-6/30/19	774,270	-	(774,270)	-	-	-	-	-	-	774,270
495-034-5094-001	Medical (Nonesath Assistance)	7/1/18-6/30/19	1,706,952	-	(1,706,952)	-	-	-	-	-	-	1,706,952
495-034-5094-002	TPAF - Pension	7/1/18-6/30/19	1,914	-	(1,914)	-	-	-	-	-	-	1,914
495-034-5094-002	Contributions (Nonesath Assistance)	7/1/18-6/30/19	1,914	-	(1,914)	-	-	-	-	-	-	1,914
495-034-5094-004	TPAF - Long-Term Disability	7/1/18-6/30/19	1,914	-	(1,914)	-	-	-	-	-	-	1,914
495-034-5094-004	Insurance (Nonesath Assistance)	7/1/18-6/30/19	1,914	-	(1,914)	-	-	-	-	-	-	1,914
	Total General Fund		16,731,085	(620,265)	(16,511,802)	-	-	(400,982)	-	-	-	16,139,680
Special Revenue Fund:												
Non-Public Aid:												
Auxiliary Services Aid Cluster (Ch. 192):												
100-034-5120-067	Compensatory Education	7/1/17-6/30/18	39,154	4,608	-	-	-	(4,608)	-	-	-	-
100-034-5120-067	Complementary Education	7/1/18-6/30/19	46,193	-	(44,500)	-	-	-	-	-	-	44,500
100-034-5120-067	English as a Second Language	7/1/18-6/30/19	4,314	-	(4,314)	-	-	-	-	-	-	4,314
100-034-5120-067	English as a Second Language	7/1/17-6/30/18	1,716	632	(632)	-	-	-	-	-	-	-
100-034-5120-068	Transportation	7/1/17-6/30/18	4,607	2,766	(2,766)	-	-	-	-	-	-	-
100-034-5120-068	Transportation	7/1/18-6/30/19	5,054	-	(2,226)	-	-	-	-	-	-	2,226
	Total Auxiliary Services Aid Cluster		8,006	8,006	(51,040)	-	-	(8,006)	-	-	-	51,040
Handicapped Services Cluster (Ch. 193):												
100-034-5120-066	Supplemental Instruction	7/1/17-6/30/18	13,640	2,064	-	-	-	(2,064)	-	-	-	-
100-034-5120-066	Supplemental Instruction	7/1/18-6/30/19	18,237	-	(18,237)	-	-	-	-	-	-	18,237
100-034-5120-066	Examination & Classification	7/1/17-6/30/18	21,479	10,021	-	-	-	(10,021)	-	-	-	-
100-034-5120-066	Examination & Classification	7/1/18-6/30/19	22,395	-	(22,395)	-	-	-	-	-	-	22,395
100-034-5120-066	Corrective Speech	7/1/17-6/30/18	13,392	8,571	-	-	-	(8,571)	-	-	-	-
100-034-5120-066	Corrective Speech	7/1/18-6/30/19	13,392	-	(5,268)	-	-	-	-	-	-	5,268
	Total Handicapped Services Cluster		20,656	20,656	(45,900)	-	-	(20,656)	-	-	-	45,900
100-034-5120-064	Textbook Aid	7/1/17-6/30/18	6,026	6,026	(6,026)	-	-	-	-	-	-	-
100-034-5120-064	Textbook Aid	7/1/18-6/30/19	6,461	-	(6,461)	-	-	-	-	-	-	6,461
100-034-5120-070	Nursing Services	7/1/17-6/30/18	10,670	2,134	-	-	-	(2,134)	-	-	-	-
100-034-5120-070	Nursing Services	7/1/18-6/30/19	11,737	-	(11,737)	-	-	-	-	-	-	11,737
100-034-5120-373	Technology Initiative	7/1/17-6/30/18	4,070	164	-	-	-	(164)	-	-	-	-
100-034-5120-373	Technology Initiative	7/1/18-6/30/19	4,356	-	(4,345)	-	-	-	-	-	-	4,345
100-034-5120-509	Security Aid	7/1/18-6/30/19	18,150	-	(18,133)	-	-	-	-	-	-	18,133
495-034-5120-086	Preschool Education Aid	7/1/17-6/30/18	179,170	2,374	-	-	-	(2,374)	-	-	-	20,291
495-034-5120-086	Preschool Education Aid	7/1/18-6/30/19	692,725	-	(623,454)	-	-	-	-	-	-	20,291
	Improving Literacy Achievement	7/1/13-6/30/14	20,000	(14,242)	-	-	-	(14,242)	-	-	-	525,146
	Total Special Revenue Fund		25,118	791,860	(683,043)	-	(36,986)	(14,242)	-	-	98,308	683,043
Capital Projects Fund:												
New Jersey School Development Authority:												
4020-050-14-1001	School Facility Project (SDA Grant)	7/1/14-Completion	2,689,435	(1,697,493)	-	-	-	-	-	-	-	-
4020-060-14-1002	School Facility Project (SDA Grant)	7/1/14-Completion	520,153	(310,477)	-	-	-	-	-	(621,719)	-	-
4020-070-14-1005	School Facility Project (SDA Grant)	7/1/14-Completion	1,781,882	(1,127,155)	-	-	-	-	-	(102,416)	-	-
	Total Capital Projects Fund		(3,135,105)	1,996,588	-	-	-	-	-	(1,138,517)	-	-

PAULSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2018	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENT	BALANCE, JUNE 30, 2019		MEMO BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
									ACCOUNTS RECEIVABLE	UNEARNED REVENUE		
STATE GRANTOR PROGRAM TITLE OR CLUSTER												
New Jersey Department of Agriculture												
Enterprise Fund:												
National School Lunch Program	8,373	7/1/18-6/30/19	-	7,977	(8,373)	-	-	-	(396)	-	-	8,373
National School Lunch Program	7,917	7/1/17-6/30/18	(510)	510	-	-	-	-	-	-	-	-
Total Enterprise Fund			(510)	8,487	(8,373)	-	-	-	(396)	-	-	8,373
Total State Financial Assistance			\$ (3,730,762)	\$ 19,528,020	\$ (17,203,218)	\$ -	\$ (36,986)	\$ -	\$ (1,554,137)	\$ 98,308	\$ 1,326,052	\$ 16,831,096
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement												
Medical (Noncash Assistance)	774,270	7/1/17-6/30/18			774,270							
TPAF - Pension												
Contributions (Noncash Assistance)	1,706,952.00	7/1/17-6/30/18			1,706,952							
TPAF - Long-Term Disability												
Insurance (Noncash Assistance)	1,914	7/1/17-6/30/18			1,914							
Total State Financial Assistance subject to Calculation for Major Program Determination					\$ (14,720,082)							

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, 2019

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, 2019.

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, 2019**

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 (\$104,020) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 64,764	\$ 16,407,782	\$ 16,472,546
Special Revenue Fund	1,933,529	683,043	2,616,572
Food Service Fund	<u>752,667</u>	<u>8,373</u>	<u>761,040</u>
Total Awards & Financial Assistance	<u>\$ 2,750,960</u>	<u>\$ 17,099,198</u>	<u>\$ 19,850,158</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, 2019.

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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? X yes no

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

Noncompliance material to financial statements noted? X yes 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, 2019

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? X yes 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? X yes 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

State Aid Public:

School Choice Aid

Equalization Aid

Security Aid

Special Education Categorical Aid

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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? X yes 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? X yes 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

State Aid Public:

School Choice Aid

Equalization Aid

Security Aid

Special Education Categorical Aid

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

Finding No. 2019-001:

Criteria or Specific Requirement:

The maintenance of a general ledger is required by the State Department of Education.

Condition:

It was noted during our audit that the general ledger of the District was not properly maintained. Material adjustments were necessary in order to properly reflect the District's financial position at June 30, 2019.

Context:

Material adjustments were necessary in order to properly reflect the financial condition as of June 30, 2019. Bank transfers between District accounts were not being properly reflected in the general ledger.

Effect:

The District's financial records related to those accounts may not be accurate. The cumulative effect of these items was material to the financial statements.

Cause:

Lack of oversight by district officials.

Recommendation:

That the District properly maintain its general ledger and reconcile monthly with other subsidiary accounting records.

View of Responsible Officials and Planned Corrective Action:

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

Finding No. 2019-002:

Criteria or Specific Requirement:

N.J.S.A. 18A:17-9 requires that accurate monthly reconciliations of all bank accounts are prepared prior to the completion of the Board Secretary's monthly report.

Condition:

The District bank reconciliations for various funds were not prepared in accordance with N.J.S.A. 18A:17-9 and were not prepared in a timely manner on a monthly basis due to lack of maintaining a general ledger.

Context:

Appropriate internal controls should be in place to ensure that the cash accounts are reconciled to the bank statements and general ledger of the Board Secretary.

Effect:

The risk of misappropriation of funds was significantly increased by not performing cash reconciliations that are balanced to the general ledger.

Cause:

Lack of oversight by district officials.

Recommendation:

That the District properly reconcile all bank accounts to the District's general ledger on a monthly basis.

View of Responsible Officials and Planned Corrective Action:

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

Finding No. 2019-003:

Criteria or Specific Requirement:

Accurate tracking of accumulated absences is required by the State Department of Education.

Condition:

The District accumulated absence balances were not tracked during the 2018-2019 year.

Finding No. 2019-003 (continued):

Context:

Appropriate internal controls should be in place to ensure that accumulated absences are tracked by the District.

Effect:

The District's financial records related to those accounts may not be accurate.

Cause:

Lack of oversight by district officials.

Recommendation:

That the District accurately track accumulated absences.

View of Responsible Officials and Planned Corrective Action:

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

Finding No. 2019-004:

Criteria or Specific Requirement:

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount budgeted in an applicable line item and also requires the Board to certify that over-expenditures have occurred.

Condition:

It was noted during our testing that the Board of Education incurred obligations in excess of the amount appropriated by the Board in the applicable line-item account or program category account before line item transfers were approved.

Context:

Budget appropriations for social security contributions were overexpended.

Effect:

The District did not comply with N.J.A.C. 6A:23A-16.10.

Cause:

The District did not properly monitor expenses

Finding No. 2019-004 (continued):

Recommendation:

That the District receives the necessary approval for line-item transfers, in compliance with N.J.A.C. 6A:23A-16.10, prior to the over-expenditure of any line-item account.

View of Responsible Officials and Planned Corrective Action:

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

**PAULSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Finding No. 2019-002:

Information on the State Program

State Aid – Public

Criteria or Specific Requirement:

N.J.S.A. 18A:17-9 requires that accurate monthly reconciliations of all bank accounts are prepared prior to the completion of the Board Secretary's monthly report.

Condition:

The District bank reconciliations for various funds were not prepared in accordance with N.J.S.A. 18A:17-9 and were not prepared in a timely manner on a monthly basis due to lack of maintaining a general ledger.

Questioned Costs

None.

Context:

Appropriate internal controls should be in place to ensure that the cash accounts are reconciled to the bank statements and general ledger of the Board Secretary.

Effect:

The risk of misappropriation of funds was significantly increased by not performing cash reconciliations that are balanced to the general ledger.

Cause:

Lack of oversight by district officials.

Finding No. 2019-002 (continued):

Recommendation:

That the District properly reconcile all bank accounts to the District's general ledger on a monthly basis.

View of Responsible Officials and Planned Corrective Action:

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

Finding No. 2019-004:

Information on the State Program

State Aid – Public

Criteria or Specific Requirement:

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount budgeted in an applicable line item and also requires the Board to certify that over-expenditures have occurred.

Condition:

It was noted during our testing that the Board of Education incurred obligations in excess of the amount appropriated by the Board in the applicable line-item account or program category account before line item transfers were approved.

Questioned Costs

None.

Context:

Budget appropriations for social security contributions were overexpended.

Effect:

The District did not comply with N.J.A.C. 6A:23A-16.10.

Cause:

The District did not properly monitor expenses

Recommendation:

That the District receives the necessary approval for line-item transfers, in compliance with N.J.A.C. 6A:23A-16.10, prior to the over-expenditure of any line-item account.

View of Responsible Officials and Planned Corrective Action:

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

**PAULSBORO SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.