

**SCHOOL DISTRICT OF THE
PAULSBORO BOROUGH**

PAULSBORO BOARD OF EDUCATION
Paulsboro, New Jersey
County of Gloucester

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

PAULSBORO BOROUGH BOARD OF EDUCATION

PAULSBORO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by

**Paulsboro Borough Board of Education
Business Office**



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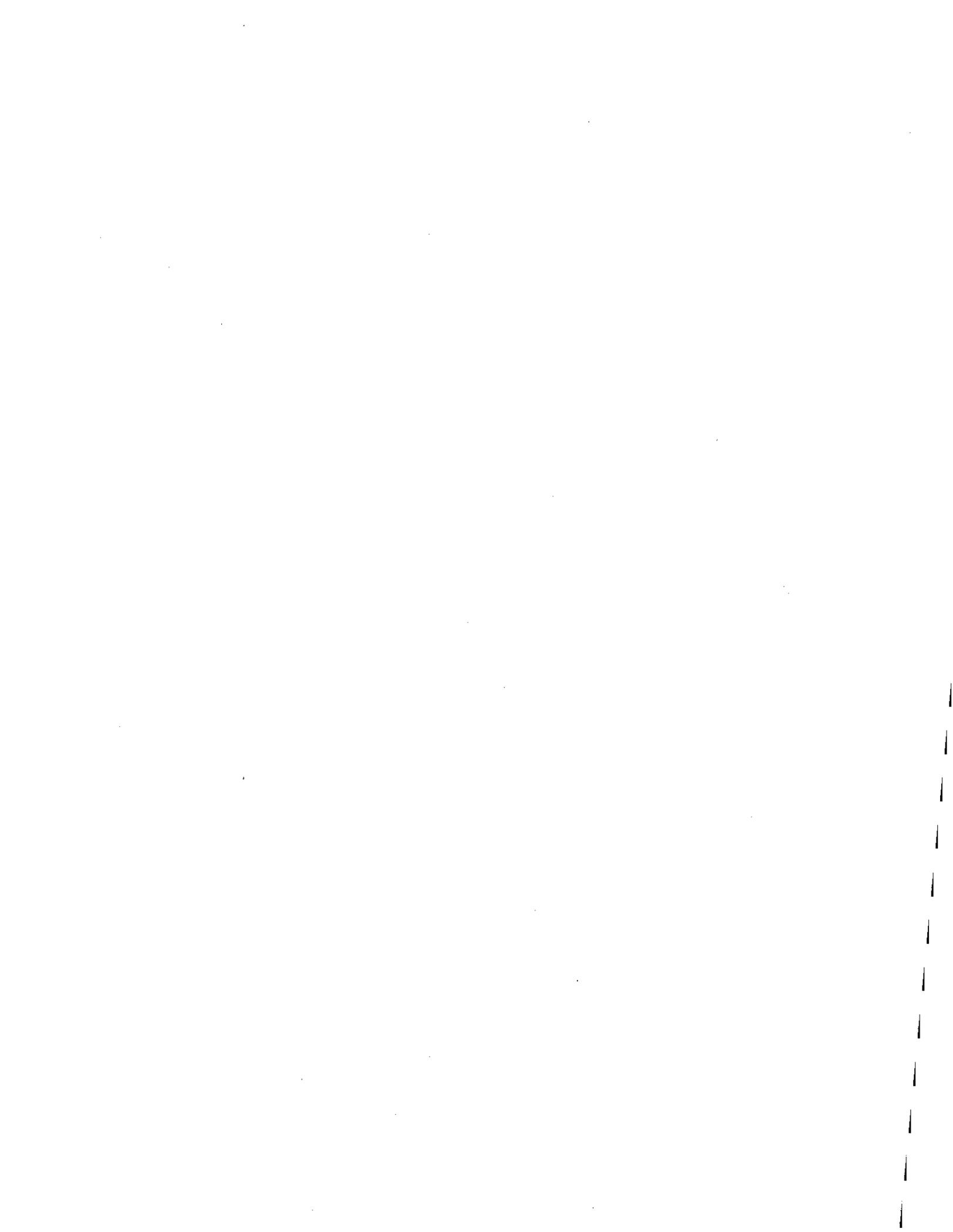
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INTRODUCTORY SECTION



Paulsboro Public Schools

Administration Building, 662 North Delaware Street, Paulsboro, NJ 08066
Telephone: (856) 423-5515 - Ext. 218 • Fax: (856) 423-4602

Dr. Frank Scambra, Superintendent

October 19, 2012

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

Dear Board Members and Citizens of the District:

The comprehensive annual financial report of the Paulsboro School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education.

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1997 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments," and Non-Profit Organizations, and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

The Paulsboro School District, consisting of two elementary and one junior/senior high school provides quality education for 1,216 students in a preK-12 setting. Teachers and other professionals provide large group, small, and individual attention at various times during the day to give students what is needed to be successful. The elementary schools are configured with grade-grouping in mind where grades pre K to 2 are at Billingsport and 3 to 6 are at Loudenslager Schools.

Based on the needs of the district, adjustments in our programs are made. During the past years there has been a slow and steady progress being made in the state-wide testing programs. Over prior years testing was limited to third and fourth graders at the elementary level and eighth and eleventh graders at the junior high/high school levels. Now the testing program has expanded from grades one through eleven. New programs, tutors, and special help have been provided for students who have not done well in these tests.

During the 2011-2012 school year we continued the alternative special education program: an 8 am to 12 noon class for special needs students who had been sent out of district prior to the creation of this class. Also continued was the alternative high school which operates from 3 to 7 PM for students who have difficulty in the regular high school daytime program.

We are using technology to improve efficiency in many aspects of the district's educational and operational systems:

- Every classroom has three to five computers.
- Every classroom has a high-speed laser printer. The libraries have color laser printers.
- Each elementary school has a dedicated computer lab. The High School has four specialized labs.
- Laptop computers are available to classrooms via a cart system (COW) Computers on Wheels.
- Every computer in the district has protected high-speed Internet access.
- All teachers, administrators and staff have e-mail addresses.
- Students, teachers, and administrators from the high school and Loudenslager School (grades 3 to 6) have access to the district's computer network applications and files from their home computers via the Internet.
- Genesis student information system is in operation.
- The school libraries use computerized card catalog systems that are accessible from all classrooms.
- The district uses a computerized lunch point of sale system.
- Teachers are able to download education films to show to students using video projectors.
- Video conferencing allows students to question subject matter experts.
- Cyber trips have replaced some of the bus trips for all students in the district.
- Plans have been made for the 2012-2013 to increase technology by including Bright Links or Smart Boards in most classrooms of all three schools.

The district has been successful in receiving grants that have provided additional special education services, basic skills instruction, library services, character education, and drug and alcohol education. We are proud that we have obtained additional dollars from this program because of our record keeping and management of the program. Each year we are able to obtain more dollars from this program. We obtained a \$20,000 grant from BP (\$5,000 for each building and \$5,000 for special needs students.)

We continue having advanced placement classes at the high school. This program allows students to earn college credits for special elevated courses taken at Paulsboro High School.

Developing a well rounded person is one of our goals. By working with teachers, staff, administrators, community members, parents, and service organizations, our students are exposed to a variety of classes, opportunities, and events in a small community setting. We feel that we can achieve great things by working together. Our motto is "Together We Can."

From a curriculum perspective, a sampling of programs offered by the Paulsboro Public Schools include the following:

- * Gifted and Talented Programs
- * Computer Education Programs
- * Family Life Education
- * Honors Courses
- * Special Education Programs
- * Technology Programs
- * Full-Day Preschool/Kindergarten Programs
- * Regularly scheduled classes in Art, Music, Library Science, and Physical Education
- * Remedial and Basic Skills Programs
- * Environmental Awareness Education Programs
- * Advanced Placement Courses
- * Instrumental and Choral Music Programs
- * School to Career Program
- * World Language Programs in Spanish & Italian
- * Developmental & Career Guidance Counseling

From a co-curricular activities perspective, a sampling of programs offered by the Paulsboro Public Schools include the following:

- * Elementary Enrichment Program
- * National Junior Honor Society
- * Choirs
- * Jazz, Marching, and Concert Bands
- * Gallery Literary Publication
- * Boys' & Girls' Cross Country
- * Football
- * Wrestling
- * Boys' Baseball & Girls' Softball
- * Boys' & Girls' Tennis
- * Big Brother Big Sister Program
- * Students Against Drunk Drivers
- * Student Council
- * National Honor Society
- * School Musical Performance
- * Pauls Sentinel (school newspaper)
- * Cheerleading
- * Field Hockey
- * Boys' & Girls' Soccer
- * Boys' & Girls' Basketball
- * Boys' & Girls' Track
- * Athletes Being Leaders Everywhere
- * Students United for Respect & Equality

Paulsboro Public Schools average daily enrollment figures for the previous years are as follows:

Fiscal Year	Student Enrollment	Difference	Percent Change
2011-12	1,216	-18	-1%
2010-11	1,234	-67	-5%
2009-10	1,301	-42	-3%
2008-09	1,343	-56	-4%
2007-08	1,399	-32	-2%
2006-07	1,431	-10	-1%
2005-06	1,421	-13	-1%
2004-05	1,408	-19	-1%
2003-04	1,427	-47	-3%
2002-03	1,474		

New Jersey Department of Education Monitoring

The last monitoring from the New Jersey Department of Education took place during the 2010-2011 school year through the QSAC process. CAPA visits were also made at Paulsboro High School and Loudenslager Elementary. Because of improvement, there will no longer be visits from CAPA.

New Courses and Textbooks

Courses have been updated and with curriculum being developed meeting the standards required by the end of the 2010-2011 school year. Calculators and other "hands on" items have been purchased for mathematics and science classes. Additional money has been expended to expand and enhance the Paulsboro Public Schools' computer network.

The School District maintained a strong cooperative relationship with local business and industry. The ExxonMobil grant funding program "Earn While You Learn" was continued this year allowing students to participate in a summer work-study program.

STAFF DEVELOPMENT

Training

Staff members are encouraged to participate in staff development programs offered locally and those from the outside. After-school programs are held through a cooperative program between Paulsboro and Gibbstown call the GAP Program providing staff development led by our own teachers and administrators.

FINANCIAL AND ORGANIZATIONAL

Low Costs Compared to Other Schools

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 costs saving methods are indicated below:

- The Board of Education is a member of a Joint Insurance Fund (SAIF) composed of school districts in southern New Jersey. The SAIF has the potential of leveling costs in the future.
- The Board of Education has joined a HIF (Health Insurance Fund) composed of several school districts and municipalities. This venture reduces the cost of health care for all of its members.
- The Board of Education has accepted status as a CHOICE School. Parents from other districts may allow their child to attend 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.

PUBLIC RELATIONS - RECOGNITION

The Chamber of Commerce continues to offer Honor Cards to students who earn all "A" marks. The Honor Cards provide discounts for families shopping at participating businesses. The Renaissance Program provides incentives for students.

The administration of the Paulsboro Public Schools worked directly with the staff of the Gill Memorial Library on technology upgrades.

The Paulsboro Public Schools build community support by utilizing many strategies. Examples of these strategies include the Memorial Tree Fund, Veterans Commencement, Alumni Park, Volunteers in Paulsboro Schools (VIPS), Grandparents' Day, Key Communicators, Community Use of the Schools, Alumni Tours, Collect School Antiques and Memorabilia, and Senior Citizen Gold Card Passes.

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 had been converted into multi-unit apartments. Young families are purchasing other homes. The student population is declining slightly each year. There is also a substantial amount of subsidized housing within the borough. Forty percent of the homes in town are rental properties. This impacts the schools in two ways. First, nearly 21% of the elementary school students either enroll after the school year begins or leave prior to the end of the school year. Second, many of these students have special educational needs. For example, 74% of the school children are eligible for free or reduced priced meals because of low family income.

At present, there is a plan for the development of senior housing and port area development. This will take place within the next four years. During the 2009-2010 school year, the port project has taken new legs and plans are underway.

In the 2008-2009 school year the amount of ratables in the borough diminished again and ExxonMobil won a tax relief case which lowered their taxes considerably which had a total negative effect on the school district budget. This continued into the 2009-2010 school year. This, along with the cuts from the state, has made budgeting difficult.

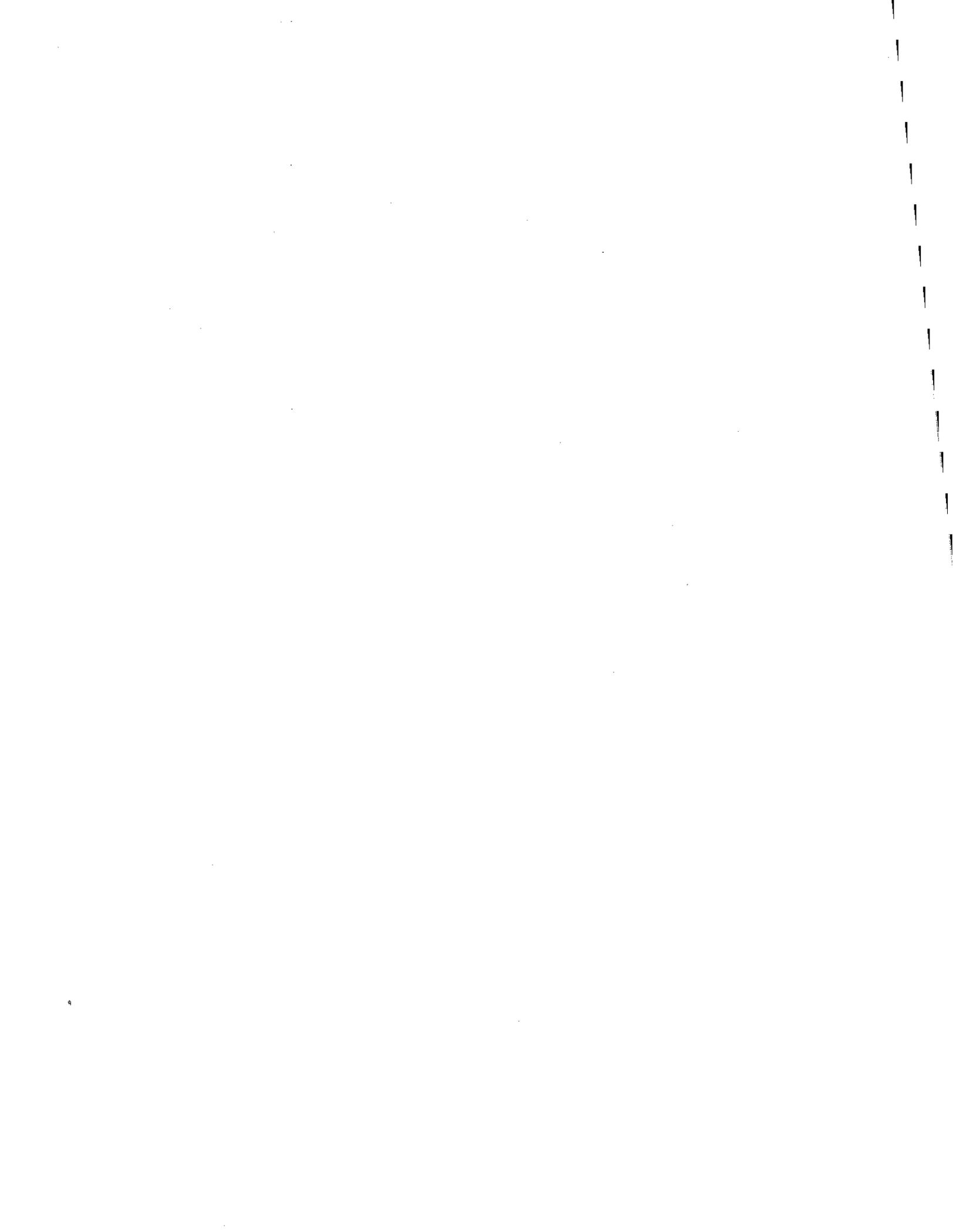
MAJOR INITIATIVES

On January 19, 2006, the Board of Education approved the submission of a new Long Range Facility Plan to the New Jersey Department of Education. Garrison Architects assisted immeasurably in the development of this plan covering the years 2006 to 2011. The district will create a new five year plan within the next few months.

The Paulsboro District continues to strive toward excellence, but continuing to update curriculum, purchase and use new technology, and utilize new and better educational techniques.

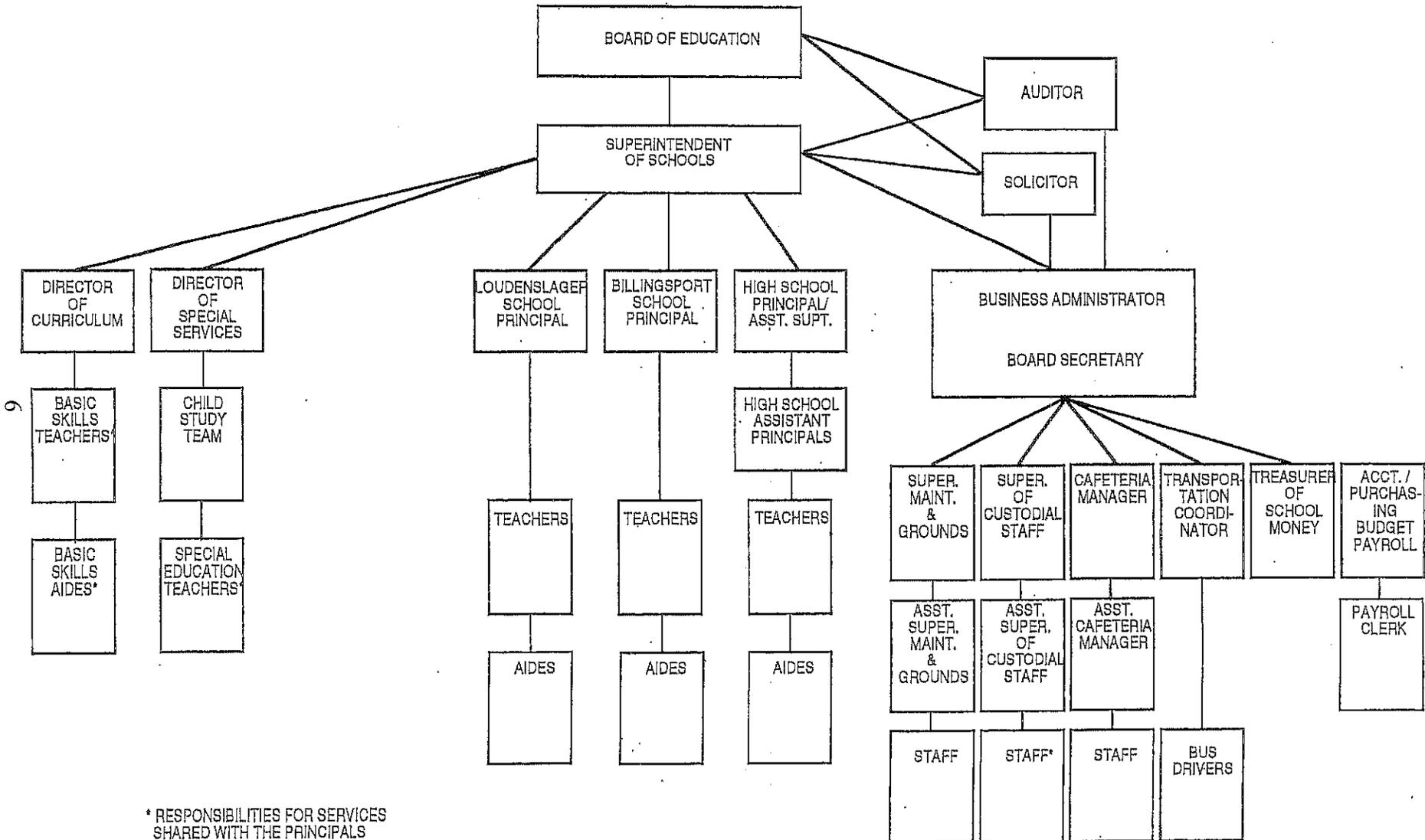
Respectfully submitted,


Frank Scambia, Ed.D.
Superintendent of Schools



PAULSBORO PUBLIC SCHOOLS - ORGANIZATIONAL CHART

Chain of Command



* RESPONSIBILITIES FOR SERVICES SHARED WITH THE PRINCIPALS

PAULSBORO BOROUGH BOARD OF EDUCATION

**662 N. Delaware Street
Paulsboro, New Jersey 08066**

**ROSTER OF OFFICIALS
JUNE 30, 2012**

MEMBERS OF THE BOARD OF EDUCATION **TERM EXPIRES**

Thomas Ridinger, President	2015
Bonnie Eastlack, Vice-President	2013
Barbara Dunn	2013
Andrew J. Chapkowski (1)	
Paula Giampola	2014
Gerald D. Hodges, Sr.	2012
Jason Lucci	2015
Jarryd Scott, Sr.	2014
Lisa Lozada – Shaw	2013
Jim Walter	2015

OTHER OFFICIALS

Dr. Frank Scambia, Superintendent

Jennifer Johnson, CPA, Business Administrator/Board Secretary

Lisa Capasso, Treasurer

Philipp Duvilla, Solicitor

(1) Representative from Greenwich Township Public Schools

PAULSBORO BOROUGH BOARD OF EDUCATION
662 N. Delaware Street
Paulsboro, N.J. 08066

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Philipp Duvilla
39 South Broad Street
Woodbury, New Jersey 08096

OFFICIAL DEPOSITORY

TD Bank
1101 Mantua Pike
Mantua, New Jersey 08051

INSURANCE ADMINISTRATOR

William Ryan, Executive Director
Gloucester, Cumberland, Salem School Districts Joint Insurance Fund
P.O. Box 530
Marlton, New Jersey 08053

FINANCIAL SECTION



Certified Public Accountants & Consultants

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618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
holmanfrenia.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Paulsboro Borough
County of Gloucester
Paulsboro, New Jersey 08066

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 Board of Education of the Paulsboro Borough School District, County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2012, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. 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; and 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 Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Board of Education of the Paulsboro Borough School District, County of Gloucester, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2012, on our consideration of the Paulsboro Borough Board of Education's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

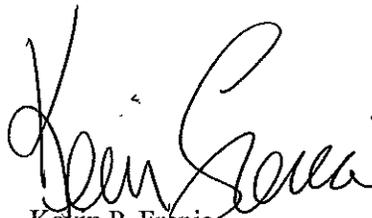
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 16 and 52 through 65 be presented to supplement the basic financial statements. Such information, although not a part 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Paulsboro Borough School District's financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state and federal financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state and federal financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectively submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
October 19, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

PAULSBORO BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2012

UNAUDITED

The Management Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – Management's Discussion and Analysis for State and Local Governments (commonly referred to as GASB 34) issued in June 1999, and is required to be incorporated by the New Jersey Department of Education.

Objectives:

In the Concepts Statement No. 1, Objective of Financial Reporting, the GASB established a number of objectives of financial reporting by state and local governments and GASB further believes that the MD&A will help users to:

Evaluate the operating results of the government for the year (GASB Concepts Statement No. 1, paragraph 78) by providing an easily readable summary of operating results and the reasons for changes in the components of operating results.

Assess the financial position and condition of the government and determine whether the government's financial position improved or deteriorated as a result of the year's operations (paragraph 78c and 79a) by providing financial management's analysis directed specifically to this point, including the reasons for changes.

Determine whether current-year revenues were sufficient to pay for current-year services (paragraph 77a) by discussing operating results, including decisions already made that will affect future operations.

Understand the sources and uses of financial resources (paragraph 78a) by providing an analysis of the balances and transaction of individual funds, particularly for *governmental* funds.

Understand how the government financed its activities and met its cash requirements (paragraph 78b) by describing (a) important economic factors, such as changes in tax or employment bases, that significantly affected operating results for the year; and (b) debt limitations that may affect the financing of planned facilities or services and any changes in credit ratings.

Determine whether resources were obtained and used in accordance with the entity's legally adopted budget (paragraph 77b) by providing management's analysis of significant variations between original and final budget amounts and between final budget and actual amounts for the government's general fund.

Assess the service efforts, costs and accomplishments (SEA) of the governmental entity (paragraph 77c) by discussing currently known facts that are expected to affect the services a government provides and the cost of those services.

Assess the level of services that can be provided by the government and its ability to meet obligations as they become due (paragraph 79) by describing debt limitations, changes in credit ratings, reasons for significant changes in individual fund balances and the effect of any limitations on their use, as well as important economic factors that significantly affected operating results for the year.

Gain information about a government's physical and other nonfinancial resources having useful lives that extend beyond current year (paragraph 79b) by describing significant capital assets activity during the year, commitments made to acquire new capital assets, and in some cases, the condition level of infrastructure assets.

Assess legal or contractual restrictions on resources and risks of potential loss of resources (paragraph 79c) by describing debt limitations and any changes in credit ratings, limitations on individual fund balances, as well as currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

Thus, it is the objective of this statement to assess for the readers the financial position of the Paulsboro School District and to explain the major sources of revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

District-Wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to the reporting for the private sector. For governmental entities these statements tell new services were financed and what remains for future spending.

The combined statement of net assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The combined statement of activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information

presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds - The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The proprietary fund has been included within business-type activities in the district-wide financial statements.

The food services fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for payroll transactions, Student activities and scholarship funds. The basic fiduciary fund financial statements can be found as Exhibits H-1 and H-4 in this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

Overview of the District as a Whole

The Paulsboro School District is a Pre K-12 School District, serving approximately 1,216 students from the Borough of Paulsboro and tuition students from Greenwich Township. There are three (3) school buildings, Billingsport Elementary (Grades Pre K-2), Loudenslager Elementary (Grades 3-6) and Paulsboro High School (Grades 7-12), the Administration Building (Ireland House), and various other structures for vehicles and/or storage capabilities.

General revenues received by the District are predominantly made up of state aid (68%), local tax levy (23%) and tuition for students attending from Greenwich Township (8%).

Financial Highlights

Some of the significant financial highlights of the 2011/2012 school year (FY'12) as compared to the 2010/2011 school year (FY'11):

The District's maintenance department has been effective in saving the district money by completing as many repairs as possible by district personnel.

The District monitors overtime expenditures closely to prevent excess spending.

The District is very effective in contracting with other school districts in a cooperative bidding arrangement for many items in the District. This includes copier paper, maintenance supplies, and an ACES agreement with other New Jersey schools districts in purchasing electrical power.

Gasoline used for the district vehicles, including buses, is purchased with an arrangement with the Borough of Paulsboro, thus, provided a major savings to the District.

The following table, also shown as Exhibit A-1, is a worksheet indicator of the District's financial position:

**PAULSBORO BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2012	2011
Cash & Cash Equivalents	\$647,026	87,069	734,095	183,481
Receivables, Net	1,353,996	21,547	1,375,543	2,815,669
Interfund Receivable				7,680
Inventory		12,044	12,044	7,802
Restricted Assets:				
Capital Reserve Account - Cash	47,060		47,060	45,754
Capital Assets, Net (Note 6)	6,486,700	17,515	6,504,215	6,618,577
Total Assets	8,534,782	215,092	8,672,957	9,678,963
LIABILITIES				
Accounts Payable	272,850	1,530	274,380	981,727
Interfund Payable				3,609
Deferred Revenue	64,676	1,659	66,335	36,440
Accrued Interest Payable	10,037		10,037	13,522
State Aid Anticipation Note				
Noncurrent Liabilities (Note 7):				
Due Within One Year	280,370		280,370	280,370
Due Beyond One Year	1,486,139	20,888	1,507,027	1,824,796
Total Liabilities	2,114,072	24,077	2,138,149	3,140,464

NET ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2012	2011
Invested in Capital Assets, Net of Related Debt	5,695,960	17,515	5,713,475	5,547,47
Restricted For:				
Debt Service	(10,035)		(10,035)	(13,519)
Other Purposes	100,000		100,000	45,754
Unrestricted	643,785	96,583	731,368	958,797
Total Net Assets	\$6,420,710	114,098	6,534,808	\$6,538,499

Financial Analysis of the District's Funds

As discussed previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental fund is to provide information on near term inflows, outflows, as balance, of spendable resources. Such information is useful in assessing the District financing requirements. The unreserved fund balance is divided between designated balance and undesignated balances.

Financial Information at Fiscal Year End

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2012 and the amount and percentage of increase/(decrease) relative to FY'11 amounts.

Revenue	Amount	Percent of Total	Increase/(Decrease) from 2011	Percent of Increase/(Decrease)
Local Sources	\$ 7,069,322	30.97%	\$ 349,077	5.19%
State Sources	13,873,198	60.77%	115,427	.84%
Federal Sources	<u>1,884,895</u>	8.26%	<u>175,328</u>	10.26%
Total	<u>\$22,827,415</u>	100.00%	<u>\$ 639,832</u>	2.88%

The following schedule presents a summary of the general fund expenditures for the fiscal year ended June 30, 2012 and the percentage of increase/(decrease) relative to FY'11 amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) from 2011</u>	<u>Percent of Increase/(Decrease)</u>
Instruction	\$ 9,306,167	40.74%	\$ 399,215	4.48%
Undistributed Expenditures	12,916,096	56.54%	760,960	6.26%
Capital Outlay	306,171	1.34%	(118,684)	-27.94%
Debt Service	<u>315,709</u>	1.38%	<u>(10,456)</u>	-3.21%
Total	<u>\$22,844,143</u>	100.00%	<u>\$1,031,035</u>	4.73%

Spending during FY'12 was monitored closely and only essential spending was approved to ensure surplus was available at year end.

Proprietary Funds. The District's proprietary fund provides the same type of information found in the district wide financial statements.

CAPITAL ASSESTS

**PAULSBORO BOARD OF EDUCATION
RECAP-FIXED ASSETS – GOVERNMENTAL ACTIVITIES
June 30, 2012**

	June 30, 2011	Additions	Adjustments/ Deletions	June 30, 2012
Land & Land				
Improvements	\$ 2,021,446	\$ 9,000		\$ 2,030,446
Buildings	9,438,159		\$ 348,760	9,786,919
Construction In Progress	401,348		(401,348)	
Machinery & Equipment	<u>2,130,490</u>	<u>293,641</u>	<u>73,774</u>	<u>2,497,905</u>
Subtotal	<u>13,991,443</u>	<u>302,641</u>	<u>21,186</u>	<u>14,315,270</u>
Accumulated Depreciation	<u>(7,398,307)</u>	<u>(430,263)</u>	<u> </u>	<u>(7,828,570)</u>
Total	<u>\$ 6,593,136</u>	<u>\$(127,622)</u>	<u>21,186</u>	<u>\$ 6,486,700</u>

Economic Factors and the Forecast on the 2013/2014 (FY'13) Budget

The District anticipates the approved 2012-2013 budget will be adequate to satisfy all 2012-2013 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.

Requests for Information

This financial report is designed to provide a general overview of the Paulsboro School District's finances. Questions concerning any of the information contained in this report or any requests for additional information should be addressed to Jennifer Johnson, School Business Administrator/Board Secretary at the Paulsboro Board of Education, Administration Building, 662 N. Delaware Street, Paulsboro, NJ 08066.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

PAULSBORO BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2012	JUNE 30, 2011
Cash & Cash Equivalents	\$647,026	87,069	734,095	183,481
Receivables, Net	1,353,996	21,547	1,375,543	2,815,669
Interfund Receivable				7,680
Inventory		12,044	12,044	7,802
Restricted Assets:				
Capital Reserve Account - Cash	47,060		47,060	45,754
Capital Assets, Net (Note 6)	6,486,700	17,515	6,504,215	6,618,577
Total Assets	8,534,782	138,175	8,672,957	9,678,963
LIABILITIES				
Accounts Payable	272,850	1,530	274,380	981,727
Interfund Payable				3,609
Deferred Revenue	64,676	1,659	66,335	36,440
Accrued Interest Payable	10,037		10,037	13,522
Noncurrent Liabilities (Note 7):				
Due Within One Year	280,370		280,370	280,370
Due Beyond One Year	1,486,139	20,888	1,507,027	1,824,796
Total Liabilities	2,114,072	24,077	2,138,149	3,140,464
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	5,695,960	17,515	5,713,475	5,547,467
Restricted For:				
Debt Service	(10,035)		(10,035)	(13,519)
Other Purposes	100,000		100,000	45,754
Unrestricted	634,785	96,583	731,368	958,797
Total Net Assets	\$6,420,710	114,098	6,534,808	6,538,499

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

PAULSBORO BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

18

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
						JUNE 30, 2012	JUNE 30, 2011
Governmental Activities:							
Instruction:							
Regular	\$5,205,071			(5,205,071)		(5,205,071)	(4,763,317)
Special Education	3,063,340		1,395,042	(1,668,298)		(1,668,298)	(1,592,228)
Other Special Instruction	583,035			(583,035)		(583,035)	(575,042)
Other Instruction	454,721			(454,721)		(454,721)	(457,148)
Support Services & Undistributed Costs:							
Instruction	1,727,154		241,166	(1,485,988)		(1,485,988)	(1,414,428)
Attendance & Social Work Services	63,577			(63,577)		(63,577)	(41,617)
Health Services	176,609			(176,609)		(176,609)	(210,301)
Other Support Services	1,122,420			(1,122,420)		(1,122,420)	(1,042,167)
Improvement of Instructional Services	248,805			(248,805)		(248,805)	(266,645)
Educational Media Services	397,352			(397,352)		(397,352)	(403,316)
Instructional Staff Training Services	38,671			(38,671)		(38,671)	(23,304)
General Administration	410,937			(410,937)		(410,937)	(432,311)
School Administration	888,305			(888,305)		(888,305)	(901,402)
Central Services	232,159			(232,159)		(232,159)	(223,923)
Administrative Information Technology	78,596			(78,596)		(78,596)	(66,717)
Plant Operations & Maintenance	1,506,238			(1,506,238)		(1,506,238)	(1,443,238)
Pupil Transportation	568,229			(568,229)		(568,229)	(514,984)
Transfer to Charter Schools	16,382			(16,382)		(16,382)	
Unallocated Benefits	5,439,388		180,980	(5,258,408)		(5,258,408)	(4,737,744)
Interest on Long-Term Debt	31,854			(31,854)		(31,854)	(42,310)
Unallocated Adjustment to Compensated Absences	(58,287)			58,287		58,287	(10,401)
Unallocated Depreciation	430,263			(430,263)		(430,263)	(410,167)
Total Governmental Activities	22,624,819		1,817,188	(20,807,631)		(20,807,631)	(19,572,710)

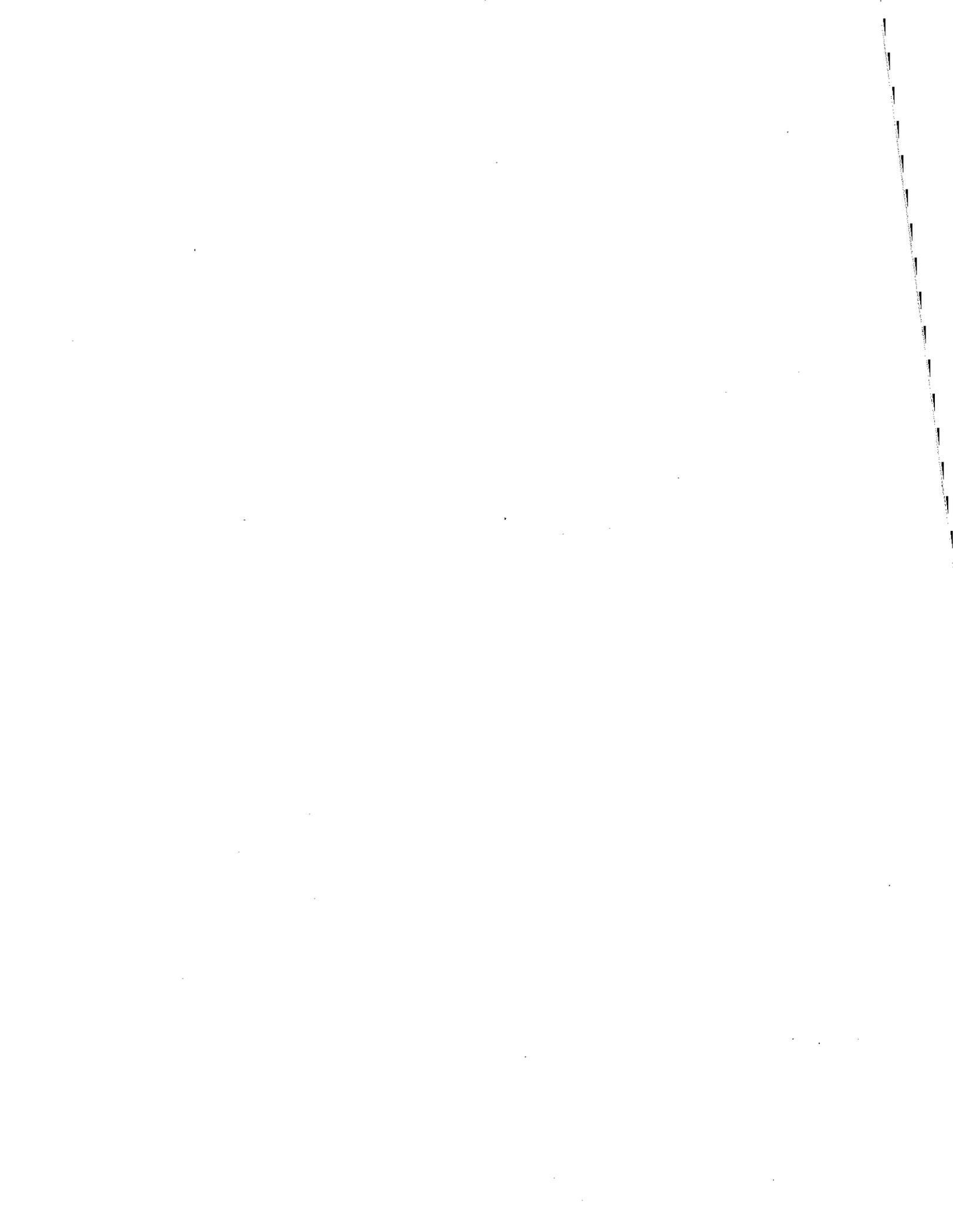
PAULSBORO BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
						JUNE 30, 2012	JUNE 30, 2011
Business-Type Activities:							
Food Service	653,091	71,266	527,353		(54,472)	(54,472)	(87,928)
Total Business - Type Activities	653,091	71,266	527,353		(54,472)	(54,472)	(87,928)
61 Total Primary Government	\$23,277,910	71,266	2,344,541	(20,807,631)	(54,472)	(20,862,103)	(19,660,638)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				4,801,099		4,801,099	4,706,960
Taxes Levied for Debt Service				155,803		155,803	160,965
Federal & State Aid				14,186,496		14,186,496	13,524,139
Tuition Received				1,762,911		1,762,911	1,710,901
Miscellaneous Income				103,918		103,918	126,291
Cancellation of Prior Year Receivable				(151,815)		(151,815)	
Total General Revenues, Special Items, Extraordinary Items & Transfers				20,858,412		20,858,412	20,229,256
Change In Net Assets				50,781	(54,472)	(3,691)	568,618
Net Assets - Beginning				6,369,929	168,570	6,538,499	5,969,881
Net Assets - Ending				\$6,420,710	114,098	6,534,808	6,538,499

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

B. Fund Financial Statements

Governmental Funds



**PAULSBORO BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2012
(With Comparative Totals for June 30, 2011)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					(MEMORANDUM ONLY)	
					JUNE 30, 2012	JUNE 30, 2011
Assets:						
Cash & Cash Equivalents	\$643,756	3,268		2	647,026	33,018
Capital Reserve Account	47,060				47,060	45,754
Accounts Receivable:						
Tax Levy						811,321
State	107,925		469,686		577,611	764,333
Federal	439,214	327,383			766,597	1,208,629
Interfund	593,340				593,340	945,265
Other		9,788			9,788	
Total Assets	\$1,831,295	340,439	469,686	2	2,641,422	3,808,320
Liabilities & Fund Balances:						
Liabilities:						
Accounts Payable	\$141,123	131,727			272,850	938,814
Interfund Payable		152,231	441,109		593,340	937,585
Deferred Revenue		64,676			64,676	36,440
Total Liabilities	141,123	348,634	441,109		930,866	1,912,839
Fund Balances:						
Restricted for:						
Capital Reserve	100,000				100,000	45,754
Capital Projects Fund			28,577		28,577	180,392
Debt Service Fund						3
Committed to:						
Other Purposes				2	2	206,205
Assigned to:						
Designated for Subsequent Year's Expenditures	1,590,172				1,590,172	1,463,127
Unassigned:						
Special Revenue Fund		(8,195)			(8,195)	
Total Fund Balances	1,690,172	(8,195)	28,577	2	1,710,556	1,895,481
Total Liabilities & Fund Balances	\$1,831,295	340,439	469,686	2		
Amounts reported for governmental activities in the statement of net assets (A-5) 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 \$14,241,496 and the accumulated depreciation is \$7,775,982.					6,486,700	6,593,136
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.					(10,037)	(13,522)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long- term liabilities at year-end consist of:						
Bonds Payable					(730,000)	(980,000)
Loans Payable					(60,740)	(91,110)
Compensated Absences Payable					(975,769)	(1,034,056)
Net assets of Governmental Activities					\$6,420,710	6,369,929

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

**PAULSBORO BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2012	JUNE 30, 2011
Revenues:						
Local Sources:						
Local Tax Levy	\$4,801,099			155,803	4,956,902	4,867,925
Tuition Charges	1,762,911				1,762,911	1,710,901
Miscellaneous	103,918	245,591			349,509	141,419
Total Local Sources	6,667,928	245,591		155,803	7,069,322	6,720,245
State Sources	13,527,677	185,616		159,905	13,873,198	13,757,771
Federal Sources	498,914	1,385,981			1,884,895	1,709,567
Total Revenues	20,694,519	1,817,188		315,708	22,827,415	22,187,583
Expenditures:						
Current:						
Regular Instruction	5,205,071				5,205,071	4,763,317
Special Education Instruction	1,660,103	1,403,237			3,063,340	3,111,445
Other Special Instruction	583,035				583,035	575,042
Other Instruction	454,721				454,721	457,148
Support Services & Undistributed Costs:						
Instruction	1,485,988	241,166			1,727,154	1,664,571
Attendance & Social Work Services	63,577				63,577	41,617
Health Services	176,609				176,609	210,301
Other Support Services	1,122,420				1,122,420	1,042,167
Improvement of Instructional Services	248,805				248,805	266,645
Educational Media Services	397,352				397,352	403,316
Instructional Staff Training Services	38,671				38,671	23,304
General Administration	410,937				410,937	432,311
School Administration	888,305				888,305	901,402
Central Services	232,159				232,159	223,923
Administrative Information Technology	78,596				78,596	66,717
Plant Operations & Maintenance	1,523,894				1,523,894	1,437,167
Pupil Transportation	568,229				568,229	514,984
Unallocated Benefits	5,258,408	180,980			5,439,388	4,926,711
Capital Outlay	99,966		206,205		306,171	424,855
Debt Service:						
Principal				280,370	280,370	280,370
Interest				35,339	35,339	45,795
Total Expenditures	20,496,846	1,825,383	206,205	315,709	22,844,143	21,813,108
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	197,673	(8,195)	(206,205)	(1)	(16,728)	374,475
Other Financing Sources/(Uses):						
Transfers to Charter Schools	(16,382)				(16,382)	
Cancellation of Prior Year Receivable			(151,815)		(151,815)	
Transfers In/(Out)						(150,000)
Total Other Financing Sources & Uses	(16,382)		(151,815)		(168,197)	(150,000)
Net Change in Fund Balances	181,291	(8,195)	(358,020)	(1)	(184,925)	224,475
Fund Balance - July 1	1,508,881		386,597	3	1,895,481	1,671,006
Fund Balance - June 30	\$1,690,172	(8,195)	28,577	2	1,710,556	1,895,481

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

**PAULSBORO BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (From B-2)		(\$184,925)
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Amounts reported for governmental activities in the statement of activities (A-2) are different as follows:

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. The amount that exceeded capital outlays is as follows:

Depreciation Expense	(\$430,263)	
Capital Outlays	323,827	(106,436)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statements of Net Assets and is not reported in the Statement of Activities.	280,370
--	---------

Interest on long-term debt in the Statement of Activities is accrued, regardless when it is due. It is reported in the Governmental Funds when it is due. The difference in the accrued interest is an addition in the reconciliation.

Prior Year	13,522	
Current Year	(10,037)	3,485

Certain operating expenses, e.g. compensated absences (vacations, sick pay, etc.) are accrued in the Statement of Activities. In the governmental funds these amounts are recorded when due and paid. The amount accrued that exceeded the amount paid is deducted in the reconciliation.

Prior Year	1,034,056	
Current Year	(975,769)	58,287

Change in Net Assets of Governmental Activities		\$50,781
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The accompanying Notes to Financial Statements are an integral part of this statement.

Proprietary Funds

**PAULSBORO BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

ASSETS	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u>	<u>TOTALS</u> (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2012	JUNE 30, 2011
Current Assets:			
Cash & Cash Equivalents	\$87,069	87,069	150,463
Accounts Receivable:			
State	21,264	21,264	30,936
Federal	283	283	450
Inventories	12,044	12,044	7,802
Total Current Assets	<u>120,660</u>	<u>120,660</u>	<u>189,651</u>
Noncurrent assets:			
Furniture, Machinery & Equipment	89,892	89,892	89,892
Less: Accumulated Depreciation	<u>(72,377)</u>	<u>(72,377)</u>	<u>(64,451)</u>
Total Noncurrent Assets	<u>17,515</u>	<u>17,515</u>	<u>25,441</u>
Total Assets	<u>138,175</u>	<u>138,175</u>	<u>215,092</u>
LIABILITIES			
Accounts Payable	1,530	1,530	20,994
Deferred Revenue	1,659	1,659	
Interfund Payable			3,609
Compensated Absences Payable	<u>20,888</u>	<u>20,888</u>	<u>21,919</u>
Total Liabilities	<u>24,077</u>	<u>24,077</u>	<u>46,522</u>
NET ASSETS			
Investments in Capital Assets - Net of Related Debt	17,515	17,515	25,441
Unrestricted	<u>96,583</u>	<u>96,583</u>	<u>143,129</u>
Total Net Assets	<u>\$114,098</u>	<u>114,098</u>	<u>168,570</u>

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

**PAULSBORO BOARD OF EDUCATION
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 AS OF JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES -		TOTALS
	ENTERPRISE FUNDS FOOD SERVICE	JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$35,626	35,626	39,801
Daily Sales - Nonreimbursable Programs	35,640	35,640	44,077
Total Operating Revenues	71,266	71,266	83,878
Operating Expenses:			
Cost of Sales	284,181	284,181	269,455
Salaries	224,192	224,192	221,458
Employee Benefits	73,422	73,422	72,104
Supplies & Materials	16,749	16,749	20,706
Other Purchased Services	46,621	46,621	33,806
Depreciation	7,926	7,926	8,495
Total Operating Expenses	653,091	653,091	626,024
Operating Income/(loss)	(581,825)	(581,825)	(542,146)
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	7,112	7,112	6,102
Federal Sources:			
National School Lunch Program	319,819	319,819	281,100
National Summer Lunch Program	18,281	18,281	20,641
School Breakfast Program	147,029	147,029	125,226
After School Snacks	2,151	2,151	1,197
Food Distribution Program	32,961	32,961	19,952
Total Nonoperating Revenues/(Expenses)	527,353	527,353	454,218
Income/(Loss) Before Contributions & Transfers	(54,472)	(54,472)	(87,928)
Operating Transfers in:			
Board Contribution			150,000
Change in Net Assets	(54,472)	(54,472)	62,072
Total Net Assets - Beginning	168,570	168,570	106,498
Total Net Assets - Ending	\$114,098	114,098	168,570

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

**PAULSBORO BOARD OF EDUCATION
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2012	JUNE 30, 2011
Cash Flows From Operating Activities:			
Receipts from Customers	\$105,886	105,886	103,830
Payments to Employees	(298,645)	(298,645)	(292,793)
Payments to Suppliers	(371,257)	(371,257)	(298,855)
Net Cash Provided/(Used) by Operating Activities	(564,016)	(564,016)	(487,818)
Cash Flows From Noncapital Financing Activities:			
Cash Received from Federal & State Reimbursements	504,231	504,231	431,693
Operating Transfers in Interfunds Liquidated	(3,609)	(3,609)	150,000 (174,264)
Net Cash Provided/(Used) by Noncapital Financing Activities	500,622	500,622	407,429
Net Increase/(Decrease) in Cash & Cash Equivalents	(63,394)	(63,394)	(80,389)
Balances - Beginning of Year	150,463	150,463	230,852
Balances - End of Year	\$87,069	87,069	150,463

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

Operating Income/(Loss)	(\$581,825)	(581,825)	(542,146)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	7,926	7,926	8,495
Food Distribution Program	32,961	32,961	19,952
Changes in Assets & Liabilities:			
(Increase)/Decrease in Inventory	(4,242)	(4,242)	4,118
Increase/(Decrease) in Accounts Payable	(19,464)	(19,464)	20,994
Increase/(Decrease) in Deferred Revenue	1,659	1,659	
Increase/(Decrease) in Compensated Absences Payable	(1,031)	(1,031)	769
Total Adjustments	17,809	17,809	54,328
Net Cash Provided/(Used) by Operating Activities	(\$564,016)	(564,016)	(487,818)

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

Fiduciary Fund

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**PAULSBORO BOARD OF EDUCATION
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	PRIVATE PURPOSE SCHOLARSHIP	AGENCY		TOTALS (MEMORANDUM ONLY)	
		STUDENT ACTIVITY	PAYROLL	JUNE 30, 2012	JUNE 30, 2011
ASSETS					
Cash & Cash Equivalents	\$48,476	100,134	110,500	259,110	323,178
Investments	45,426			45,426	
Total Assets	93,902	100,134	110,500	304,536	323,178
LIABILITIES					
Payroll Deductions & Withholdings			110,500	110,500	96,523
Due to Student Groups		100,134		100,134	104,508
Interfund Payable					4,071
Total Liabilities		100,134	110,500	210,634	205,102
NET ASSETS					
Reserved for Scholarships	93,902			93,902	118,076
Total Net Assets	\$93,902	-	-	93,902	118,076

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

**PAULSBORO BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	PRIVATE PURPOSE SCHOLARSHIP	TOTALS	
		JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
ADDITIONS			
Contributions:			
Other	\$16,295	16,295	67,980
Total Contributions	16,295	16,295	67,980
Investment Earnings:			
Interest	88	88	251
Net Investment Earnings	88	88	251
Total Additions	16,383	16,383	68,231
DEDUCTIONS			
Scholarship Payments	40,557	40,557	46,322
Total Deductions	40,557	40,557	46,322
Change in Net Assets	(24,174)	(24,174)	21,909
Net Assets - Beginning of the Year	118,076	118,076	96,167
Net Assets - End of the Year	\$93,902	93,902	118,076

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

**PAULSBORO BOROUGH
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Paulsboro Borough Board of Education have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented these standards for the fiscal year-ending June 30, 2004. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*; Statement 45 – *Accounting and Reporting by employers for Postemployment Benefits Other Than Pension*; and Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2012 and for the year then ended with comparative totals as of and for the year ended June 30, 2011 (Memorandum Only).

A. Reporting Entity:

The Paulsboro Borough Board of Education 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 ten members appointed to three-year terms and one member is appointed annually by the sending district of Greenwich Township. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The Paulsboro Borough Board of Education has an approximate enrollment at June 30, 2012 of 1,212 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:

PAULSBORO BOROUGH BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

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

- ◆ 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

Based on the aforementioned criteria, the District has no component units.

B. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Financial Statements – The governmental fund 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 a liability is incurred, regardless of the timing of related

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

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

cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The 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. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Fund Accounting:

The accounts of the Paulsboro Borough Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

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

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

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

D. Fund Accounting (continued):

As required by the New Jersey Department of Education Paulsboro Borough Board of Education includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) 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 fixed 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 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 all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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.

Proprietary Fund

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

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

D. Fund Accounting (continued):

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

Proprietary Fund

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

Food Service Fund:	
Equipment	5-15 Years

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency 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 a Scholarship Trust Fund as a private purpose trust.

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 Funds and Student Activity Funds as Agency Funds

E. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Paulsboro Borough Board of Education follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Paulsboro Borough Board of Education's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

F. 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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

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

PAULSBORO BOROUGH BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

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

F. Budgets/Budgetary Control (continued):

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, includes all amendments to the adopted budget, if any.

The following presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

**Notes to Required Supplementary Information.
Budgetary Comparison Schedule**

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) "revenues" from the budgetary comparison schedules	\$20,727,612	\$1,825,383
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	1,064,367	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(1,097,460)</u>	<u>(8,195)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$20,694,519</u>	<u>\$1,817,188</u>

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

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

F. Budgets/Budgetary Control (continued):

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total outflows"		
from the budgetary comparison schedule	\$20,496,846	\$1,825,383
Differences – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	_____	_____
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$20,496,846</u>	<u>\$1,825,383</u>

G. 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 reservations of 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 Paulsboro Borough Board of Education has received advances are reflected in the balance sheet as deferred revenues 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.

H. 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.

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

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

H. Cash and Cash Equivalents (continued):

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.

I. Tuition Receivable/Payable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2012, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2009-2010 have been established and the District has billed/paid the school boards that have adjustments.

J. Inventories & Prepaid Expenses

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

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

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

K. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Paulsboro Borough Board of Education and that are due within one year.

L. Fixed Assets:

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery and Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years

M. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is an accrual as of June 30, 2012 for such salaries.

N. 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.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

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

O. Deferred Revenue

Deferred revenue in the general and special revenue fund represents cash, which has been received but not yet earned.

P. Long-term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

Q. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

R. Subsequent Events

Paulsboro Borough Board of Education has evaluated subsequent events occurring after June 30, 2012 through the date of October 19, 2012, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits held at June 30, 2012, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$1,040,265</u>
Total Deposits	<u>\$1,040,265</u>
Reconciliation to Statements of Net Assets:	
Governmental Activities	\$ 694,086
Business-Type Activities	87,069
Fiduciary Funds	<u>259,110</u>
Total Cash and Cash Equivalents	<u>\$1,040,265</u>

PAULSBORO BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

Note 2. Cash and Cash Equivalents (continued):

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of June 30, 2012, the District's bank balance of \$2,381,349 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's Name Under GUDPA (See Note 4)	<u>2,131,349</u>
Total	<u>\$2,381,349</u>

Note 3. Investments

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. All of the District's investments are held in the name of the District and are collateralized by GUDPA.

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2012, are provided in the above schedule.

C. Investment Credit Risk

The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

PAULSBORO BOROUGH BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 3. Investments (continued):

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Corporation;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

As of June 30, 2012, the district had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
Certificates of Deposits	6/28/2013	N/A	\$45,426
Total			\$45,426

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2012 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 5. Capital Reserve Account

A capital reserve account was established by the Paulsboro Borough Board of Education by inclusion of \$1 on October 19, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the 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 of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 45,754
Increased by Resolution	<u>54,246</u>
Ending Balance, June 30, 2012	<u>\$100,000</u>

Note 6. Fixed Assets

The following schedule is a summarization of the general fixed assets by source for the fiscal year ended June 30, 2012:

	June 30, 2011	Additions	Deletions	Adjustments	June 30, 2012
Land & Land					
Improvements	\$ 2,021,446	\$ 9,000	\$ -		\$ 2,030,446
Buildings	9,438,159			\$348,760	9,786,919
Construction In					
Progress	401,348			(348,760)	
Machinery &					
Equipment	<u>2,130,490</u>	<u>293,641</u>		<u>73,774</u>	<u>2,497,905</u>
Subtotal	13,991,443	302,641			14,241,496
Accumulated					
Depreciation	<u>(7,398,307)</u>	<u>(430,263)</u>	<u>()</u>		<u>(7,828,570)</u>
Total	<u>\$ 6,593,136</u>	<u>\$(127,622)</u>	<u>\$ -</u>	<u>\$ 21,186</u>	<u>\$ 6,486,700</u>

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 6. Fixed Assets (continued):

The following schedule is a summarization of the proprietary fund fixed assets recorded at historical cost by source for the fiscal year ended June 30, 2012:

	June 30, 2011	Additions	Deletions	June 30, 2012
Machinery & Equipment	\$89,892		\$ -	\$89,892
Less: Accumulated Depreciation	(64,741)	\$(7,926)		(72,377)
Net Fixed Assets	<u>\$25,151</u>	<u>\$(7,926)</u>	<u>\$ -</u>	<u>\$17,515</u>

Note 7. Long-Term Debt

During the fiscal year ended June 30, 2012 the following changes occurred in liabilities reported in the long-term debt:

	Balance 6/30/11	Issued	Retired/ Adjustments	Balance 6/30/12	Due Within One Year
Governmental Funds:					
Compensated Absences Payable	\$1,034,056	\$ -	\$ 58,287	\$ 975,769	
Bonds Payable	980,000		250,000	730,000	\$250,000
Loans Payable	91,110		30,370	60,740	30,370
Total	<u>\$2,105,166</u>	<u>\$ -</u>	<u>\$338,657</u>	<u>\$1,766,509</u>	<u>\$280,370</u>

	Balance 6/30/11	Issued	Retired/ Adjustments	Balance 6/30/12
Proprietary Funds:				
Compensated Absences Payable	<u>\$21,919</u>	<u>\$ -</u>	<u>\$1,031</u>	<u>\$20,888</u>

Bonds and loans payable have been liquidated in the Debt Service Fund compensated absences have been liquidated in the General Fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with state law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 7. Long-Term Debt (continued):

Principal and interest due on the 2002 Serial Bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$250,000	\$24,200	\$274,200
2014	245,000	14,300	259,300
2015	<u>235,000</u>	<u>4,700</u>	<u>239,700</u>
Total	<u>\$730,000</u>	<u>\$43,200</u>	<u>\$773,200</u>

Loan Payable

The District obtained loans from the New Jersey Economic Development Authority for the purpose of major improvements to the District's buildings and grounds. The loans were received in 1993 and will be paid back over a 20-year period.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$30,370	\$683	\$31,053
2014	<u>30,370</u>	<u>228</u>	<u>30,598</u>
Total	<u>\$60,740</u>	<u>\$911</u>	<u>\$61,651</u>

Note 8. Pension Plans

Plan Descriptions - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

PAULSBORO BOROUGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012

Note 8. Pension Plans (continued):

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established in January 1955, under the provisions of *N.J.S.A. 18A:66* to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established in January 1955 under the provisions of *N.J.S.A. 43:15A* to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A. 43:15A* and *43.3B* and *N.J.S.A. 18A:6C* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Significant Legislation below.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 8. Pension Plans (continued):

method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee’s rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District’s normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a “target funded ratio”.

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

Contribution Requirements – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation TPAF and PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$219,920	100%	\$ -0-
6/30/11	214,439	100%	-0-
6/30/10	177,905	100%	-0-

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 8. Pension Plans (continued):

Three-Year Trend Information for TPAF (Paid on behalf of the District)			
Year	Annual	Percentage	Net
Funding	Pension	of APC	Pension
	Cost (APC)	Contributed	Obligation
6/30/12	\$910,707	100%	\$ -0-
6/30/11	627,257	100%	-0-
6/30/10	629,969	100%	-0-

During the year ended June 30, 2012 the State of New Jersey contributed \$910,707 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A.18A:66-66* the State of New Jersey reimbursed the District \$683,402 for the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 9. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

Note 10. Risk Management

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

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 10. Risk Management (continued):

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.

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

Joint Insurance Pool – The Borough of Paulsboro School District participates in the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund (GCSSDSIF), public entity risk pool, which was formed July 1, 1999. The Fund provides its members with the following coverage’s:

Property – Blanket Building & Grounds	Boiler and Machinery
General and Automobile Liability	Workers’ Compensation
School Board Legal Liability	Crime Coverage

Note 11. Contingent Liabilities

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, 2012 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.

The District is occasionally involved in certain legal claims arising in the ordinary course of its operations. It is believed that the outcome, or exposure to the Board, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 12. Economic Dependency

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

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 13. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$593,340	
Special Revenue Fund		\$152,231
Capital Projects Fund	<u> </u>	<u>441,109</u>
Total	<u>\$593,340</u>	<u>\$593,340</u>

The purpose of these interfunds are short-term borrowings.

Note 14. GASB #54 - Fund Balance Disclosures

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 – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

General Fund – Of the \$1,690,172 fund balance of the General Fund at June 30, 2012; \$100,000 is restricted for the Capital Reserve Account and \$1,590,172 is assigned to Designated for Subsequent Years Expenditures.

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 14. GASB #54 - Fund Balance Disclosures (continued):

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Capital Project Fund – Of the \$28,577 of the Capital Projects Fund balance at June 30, 2012; \$28,577 is restricted to future capital expenditures.

Note 15. Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(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:

Thomas Seely Agency, Inc. Lincoln Investment Planning, Inc Siracusa Benefits Program

Note 16. 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 vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2012 is \$975,769.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012 the amount is \$20,888.

PAULSBORO BOROUGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2012**

Note 17. Calculation of Excess Surplus

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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, 2012 is \$-0-.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	ACCOUNT NUMBERS	JUNE 30, 2012			VARIANCE FINAL TO ACTUAL (UNFAVORABLE)	JUNE 30, 2011			VARIANCE FINAL TO ACTUAL (UNFAVORABLE)		
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS		FINAL BUDGET	ACTUAL
Revenues:											
Local Sources:											
Local Tax Levy	10-1210-000-000	\$4,801,099		4,801,099	4,801,099		4,706,960		4,706,960	4,706,960	
Tuition	10-1300-000-000	1,704,831		1,704,831	1,762,911	58,080	1,682,620		1,682,620	1,710,901	28,281
Miscellaneous	10-1000-000-000	50,000		50,000	103,918	53,918	22,177		22,177	126,291	104,114
Total Local Sources		6,555,930		6,555,930	6,667,928	111,998	6,411,757		6,411,757	6,544,152	132,395
State Sources:											
Extraordinary Aid	10-3000-000-000	100,000		100,000	104,096	4,096				107,330	107,330
School Choice Aid	10-3116-000-000				18,392	18,392					
Categorical Special Education Aid	10-3132-000-000	586,424		586,424	586,424		73,903	512,521	586,424	586,424	
Equalization Aid	10-3176-000-000	11,057,362		11,057,362	11,257,749	200,387	11,369,495	(512,521)	10,856,974	10,856,974	
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					910,707	910,707				627,257	627,257
Reimbursed TPAF Social Contributions					683,402	683,402				684,512	684,512
Total State Sources		11,743,786		11,743,786	13,560,770	1,816,984	11,443,398		11,443,398	12,862,497	1,419,099
Federal Sources:											
Special Education - Medicaid Initiative	10-4200-000-000	80,000		80,000	85,513	5,513	52,795		52,795	80,618	27,823
Education Jobs Fund	18-4522-000-000	412,410	12,920	425,330	413,401	(11,929)					
Total Federal Sources		492,410	12,920	505,330	498,914	(6,416)	52,795		52,795	80,618	27,823
Total Revenues		18,792,126	12,920	18,805,046	20,727,612	1,922,566	17,907,950		17,907,950	19,487,267	1,579,317

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PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Expenditures:												
Current Expense:												
Instruction - Regular Programs:												
Salaries of Teachers:												
	Local Contribution - Transfer to Special Revenue	11-105-100-930	175,527	30,660	206,187	206,187						
	Kindergarten	11-110-100-101	308,964	(35,942)	273,022	270,372	2,650	314,811		314,811	302,349	12,462
	Grades 1 - 5	11-120-100-101	1,380,088	(10,981)	1,369,107	1,368,762	345	1,384,456	(68,718)	1,315,738	1,189,423	126,315
	Grades 6 - 8	11-130-100-101	1,024,218	7,880	1,032,098	1,027,100	4,998	980,686	(7,493)	973,193	872,983	100,210
	Grades 9 - 12	11-140-100-101	1,983,220	(64,765)	1,918,455	1,763,229	155,226	2,036,901	(220,745)	1,816,156	1,809,328	6,828
	Home Instruction:											
	Salaries of Teachers	11-150-100-101	30,080		30,080	27,104	2,976	39,600	5,432	45,032	42,232	2,800
	Purchased Professional - Educational Services	11-150-100-320	52,100		52,100	30,814	21,286	56,400	(2,600)	53,800	35,265	18,535
	Regular Programs - Undistributed Instruction:											
	Other Salaries for Instruction	11-190-100-106	84,841	24,626	109,467	83,813	25,654	86,793	(12,304)	74,489	63,816	10,673
	Purchased Professional - Education	11-190-100-320	317,000	(72,371)	244,629	152,077	92,552	179,600	10,000	189,600	178,900	10,700
	Purchased Technical Services	11-190-100-340	7,000		7,000	7,000	7,000	7,000		7,000	7,000	7,000
	Other Purchased Services	11-190-100-500	60,913	6,131	67,044	43,531	23,513	41,708	21,235	62,943	38,450	24,493
	General Supplies	11-190-100-610	326,350	(23,889)	302,461	206,830	95,631	328,098	(21,554)	306,544	205,227	101,317
	Textbooks	11-190-100-640	24,805	21,084	45,889	24,037	21,852	59,276	(16,903)	42,373	24,224	18,149
	Other Objects	11-190-100-800	7,428	189	7,617	1,215	6,402	7,705	75	7,780	1,120	6,660
	Total Regular Programs - Instruction		5,782,534	(117,378)	5,665,156	5,205,071	460,085	5,523,034	(313,575)	5,209,459	4,763,317	446,142
	Learning and/or Language Disabilities:											
	Salaries of Teachers	11-204-100-101	662,514	(134,760)	527,754	509,859	17,895	674,455		674,455	640,476	33,979
	Other Salaries for Instruction	11-204-100-106	65,810	5,259	71,069	70,045	1,024	105,305	(40,334)	64,971	64,971	
	General Supplies	11-204-100-610	12,211	4,243	16,454	12,288	4,166	12,872	3,165	16,037	15,050	987
	Textbooks	11-204-100-640						2,032	(82)	1,950	1,949	1
	Other Objects	11-204-100-800							2,032	2,032	218	1,814
	Total Learning and/or Language Disabilities		740,535	(125,258)	615,277	592,192	23,085	794,664	(35,219)	759,445	722,664	36,781
	Behavioral Disabilities:											
	Salaries of Teachers	11-209-100-101	152,306	30,972	183,278	183,278		261,722	(113,262)	148,460	148,460	
	Other Salaries for Instruction	11-209-100-106	41,984	73,914	115,898	115,090	808	49,314	(7,765)	41,549	41,549	
	General Supplies	11-209-100-610	8,260	(1,637)	6,623	784	5,839	8,000	11,811	19,811	13,446	6,365
	Textbooks	11-209-100-640							2,000	2,000		2,000
	Other Objects	11-209-100-800	9,750		9,750	721	9,029	2,000	(1,937)	63	63	
	Total Behavioral Disabilities		212,300	103,249	315,549	299,873	15,676	321,036	(109,153)	211,883	203,518	8,365

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PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	231,048	97,744	328,792	327,412	1,380	149,600	77,602	227,202	227,202	
Other Salaries for Instruction	11-212-100-106	72,571	3,356	75,927	75,926	1	35,225	36,486	71,711	71,711	
General Supplies	11-212-100-610	4,840		4,840	4,682	158	4,363	1,252	5,615	5,599	16
Textbooks	11-212-100-640						1,503	(1,503)			
Total Multiple Disabilities		308,459	101,100	409,559	408,020	1,539	190,691	113,837	304,528	304,512	16
Resource Room/Resource Center:											
Salaries of Teachers	11-213-100-101	216,412	121	216,533	216,532	1	250,583	(38,657)	211,926	211,925	1
Other Salaries for Instruction	11-213-100-106	40,411	(4,246)	36,165	36,164	1		39,889	39,889	39,888	1
General Supplies	11-213-100-610	784	(208)	576	563	13	312	256	568	198	370
Total Resource Room/Resource Center		257,607	(4,333)	253,274	253,259	15	250,895	1,488	252,383	252,011	372
Preschool Disabilities - Part-Time:											
Salaries of Teachers	11-215-100-101	74,705		74,705	73,425	1,280	72,617	4,075	76,692	75,273	1,419
Other Salaries for Instruction	11-215-100-106	36,445	(329)	36,116	33,334	2,782	13,312	20,938	34,250	34,250	
General Supplies	11-215-100-610						2,000	(1,000)	1,000		1,000
Total Preschool Disabilities - Part-Time		111,150	(329)	110,821	106,759	4,062	87,929	24,013	111,942	109,523	2,419
Total Special Education		1,630,051	74,429	1,704,480	1,660,103	44,377	1,645,215	(5,034)	1,640,181	1,592,228	47,953
Basic Skills/Remedial:											
Salaries of Teachers	11-230-100-101	573,661	(34,015)	539,646	539,645	1	276,415	256,218	532,633	532,633	
Other Salaries for Instruction	11-230-100-106	35,508	(345)	35,163	35,138	25	35,157	(29)	35,128	35,089	39
General Supplies	11-230-100-610	198	17	215	214	1	15,732	(15,652)	80		80
Total Basic Skills/Remedial		609,367	(34,343)	575,024	574,997	27	327,304	240,537	567,841	567,722	119
Bilingual Education - Instruction:											
Salaries of Teachers	11-240-100-101	9,920		9,920	8,038	1,882		9,472	9,472	7,320	2,152
Total Bilingual Education - Instruction		9,920		9,920	8,038	1,882		9,472	9,472	7,320	2,152
School Sponsored Cocurricular Activities:											
Salaries	11-401-100-100	86,498	352	86,850	86,850		86,498		86,498	80,548	5,950
Purchased Services	11-401-100-500	1,000	2,716	3,716	3,636	80	4,545		4,545	450	4,095
Supplies and Materials	11-401-100-600	6,101	(265)	5,836	982	4,854	7,101		7,101	2,810	4,291
Other Objects	11-401-100-800	500		500		500	625		625		625

PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total School Sponsored Cocurricular Activities	94,099	2,803	96,902	91,468	5,434	98,769		98,769	83,808	14,961
School Sponsored Athletics - Instruction:										
Salaries of Teachers 11-402-100-100	266,175	54,187	320,362	243,330	77,032	320,107	(2,850)	317,257	281,407	35,850
Purchased Services 11-402-100-500	95,400		95,400	60,486	34,914	95,400		95,400	55,833	39,567
Supplies and Materials 11-402-100-600	60,092	(138)	59,954	49,067	10,887	59,900	192	60,092	33,782	26,310
Other Objects 11-402-100-800	25,210		25,210	10,370	14,840	25,210		25,210	2,318	22,892
Total School Sponsored Athletics - Instruction	446,877	54,049	500,926	363,253	137,673	500,617	(2,658)	497,959	373,340	124,619
Total Instruction	8,572,848	(20,440)	8,552,408	7,902,930	649,478	8,094,939	(71,258)	8,023,681	7,387,735	635,946
Undistributed Expenditures:										
Instruction:										
Tuition to Other LEA's -State Regular 11-000-100-561	50,000	30,541	80,541	75,774	4,767	76,311	10,417	86,728	60,963	25,765
Tuition to Other LEA's -State Special 11-000-100-562	204,111	34,902	239,013	239,013		212,003	(10,417)	201,586	186,819	14,767
Tuition to County Voc. School District Regular 11-000-100-563	81,600	(4,096)	77,504	77,504		126,800	(49,800)	77,000	71,500	5,500
Tuition to CSSD & Regular Day Schools 11-000-100-565	788,241	27,022	815,263	815,263		768,240	123,461	891,701	878,158	13,543
Tuition to Private Schools for the Handicapped - State 11-000-100-566	46,097	32,545	78,642	76,410	2,232	292,042	(119,664)	172,378	120,985	51,393
Tuition - State Facilities 11-000-100-568	202,024		202,024	202,024		50,000	46,003	96,003	96,003	
Total Undistributed Expenditures - Instruction	1,372,073	120,914	1,492,987	1,485,988	6,999	1,525,396		1,525,396	1,414,428	110,968
Attendance & Social Work Services:										
Salaries of Teachers 11-000-211-100	46,645	(2,400)	44,245	41,177	3,068	40,441	1,200	41,641	41,617	24
Purchased Professional & Technical Services 11-000-211-300	20,000	2,400	22,400	22,400		20,000	(1,200)	18,800		18,800
Supplies and Materials 11-000-211-600						300	(255)	45		45
Other Objects 11-000-211-800						3,000	(3,000)			
Total Attendance & Social Work Services	66,645		66,645	63,577	3,068	63,741	(3,255)	60,486	41,617	18,869

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PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Health Services:											
Salaries	11-000-213-100	243,025	(84,479)	158,546	158,546		184,192	2,850	187,042	185,762	1,280
Purchased Professional & Technical Services	11-000-213-300	16,520	(2,860)	13,660	12,287	1,373	14,930	7,421	22,351	19,881	2,470
Supplies and Materials	11-000-213-600	4,851	927	5,778	5,776	2	8,826	(4,166)	4,660	4,658	2
Total Health Services		264,396	(86,412)	177,984	176,609	1,375	207,948	6,105	214,053	210,301	3,752
Other Support Services - Students - Related Services:											
Salaries of Other Professional Staff	11-000-216-100	78,816		78,816	78,141	675	73,584	3,000	76,584	75,014	1,570
Purchased Educational Services	11-000-216-320	232,750	16,808	249,558	246,713	2,845	218,600		218,600	179,892	38,708
Supplies and Materials	11-000-216-600	573		573	180	393	500		500	424	76
Total Other Support Services - Students - Related Services		312,139	16,808	328,947	325,034	3,913	292,684	3,000	295,684	255,330	40,354
Other Support Services - Special Education Extraordinary Services:											
Salaries	11-000-217-100						10,131		10,131		10,131
Total Other Support Services - Special Education Extraordinary Services							10,131		10,131		10,131
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	11-000-218-104	237,048		237,048	236,824	224	237,130	(3,225)	233,905	231,745	2,160
Salaries of Secretarial & Clerical Assistants	11-000-218-105	42,360		42,360	42,360		41,492	593	42,085	42,085	
Purchased Professional & Educational Services	11-000-218-320	20,870	186	21,056	3,655	17,401	27,899		27,899	9,884	18,015
Other Purchased Services	11-000-218-500	4,762	305	5,067	5,067		8,318		8,318	6,654	1,664
Supplies and Materials	11-000-218-600	14,124	(195)	13,929	10,430	3,499	15,160		15,160	6,833	8,327
Other Objects	11-000-218-800	173		173	109	64	493	180	673	290	383
Total Other Support Services - Students- Regular		319,337	296	319,633	298,445	21,188	330,492	(2,452)	328,040	297,491	30,549
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	416,292	14,104	430,396	423,507	6,889	377,222	42,801	420,023	418,289	1,734

PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Other Support Services - Students - Special Services (continued):											
Salaries of Secretarial & Clerical Assistants	11-000-219-105	49,866	5,117	54,983	54,983		43,492	2,632	46,124	43,407	2,717
Purchased Professional - Educational Services	11-000-219-320	30,848	(22,458)	8,390	7,389	1,001	33,255		33,255	21,701	11,554
Other Purchased Professional & Technical Services	11-000-219-390	22,010	(17,345)	4,665	4,665		25,010		25,010	1,805	23,205
Other Purchased Services	11-000-219-592	7,300		7,300	690	6,610	6,800		6,800	921	5,879
Supplies and Materials	11-000-219-600	22,840	(10,826)	12,014	7,707	4,307	22,600		22,600	3,223	19,377
Other Objects	11-000-219-800	4,800		4,800		4,800	3,900		3,900		3,900
Total Other Support Services - Students Special Services		553,956	(31,408)	522,548	498,941	23,607	512,279	45,433	557,712	489,346	68,366
Improvement of Instruction Services/Other Support Services - Instruction Staff:											
Salaries	11-000-221-102	3,000		3,000	2,754	246	119,061	(119,061)			
Salaries of Other Professional Staff	11-000-221-104	239,644	(1)	239,643	220,548	19,095		232,664	232,664	232,663	1
Salaries of Secretarial & Clerical Assistants	11-000-221-105	21,180	1	21,181	21,180	1	13,693	7,325	21,018	21,018	
Purchased Professional - Educational Services	11-000-221-320						5,000	451	5,451	5,450	1
Other Purchased Services	11-000-221-500	10,000	1,000	11,000	485	10,515	10,000	725	10,725	3,504	7,221
Supplies and Materials	11-000-221-600	11,000	(189)	10,811	2,999	7,812	11,000	(813)	10,187	2,321	7,866
Other Objects	11-000-221-800	1,800		1,800	839	961	1,600	89	1,689	1,689	
Total Improvement of Instruction Services/ Other Support Services Instructional Staff		286,624	811	287,435	248,805	38,630	160,354	121,380	281,734	266,645	15,089
Educational Media Services/School Library:											
Salaries	11-000-222-100	314,896	(3,903)	310,993	310,327	666	271,563	36,805	308,368	302,734	5,634
Purchased Professional & Technical Services	11-000-222-300	38,060		38,060	36,347	1,713	5,200	6,996	12,196	12,195	1
Other Purchased Services	11-000-222-500	51,446	(23,551)	27,895	2,745	25,150	63,888	(2,578)	61,310		61,310
Supplies and Materials	11-000-222-600	65,026	741	65,767	47,933	17,834	91,306	4,276	95,582	88,387	7,195

PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Educational Media Services/Library	469,428	(26,713)	442,715	397,352	45,363	431,957	45,499	477,456	403,316	74,140	
Instructional Staff Training Services:											
Salaries of Other Professional Staff	11-000-223-104	13,000		13,000	3,598	9,402	44,409	(31,030)	13,379	13,378	1
Salaries of Secretarial & Clerical Assistants	11-000-223-105	21,180		21,180	19,415	1,765					
Purchased Professional Educational Services	11-000-223-320	17,572		17,572	7,099	10,473					
Other Purchased Services	11-000-223-500	28,200	(1,000)	27,200	6,057	21,143	37,500	(899)	36,601	8,205	28,396
Supplies & Materials	11-000-223-600	10,000	83	10,083	2,502	7,581	10,000		10,000	1,626	8,374
Other Objects	11-000-223-800						7,200		7,200	95	7,105
Total Instructional Staff Training Services		89,952	(917)	89,035	38,671	50,364	99,109	(31,929)	67,180	23,304	43,876
Support Services General Administration:											
Salaries	11-000-230-100	202,972		202,972	201,851	1,121	197,123	(6,230)	190,893	190,838	55
Legal Services	11-000-230-331	30,000		30,000	13,287	16,713	15,000	(1,446)	13,554	13,553	1
Audit Fees	11-000-230-332	18,500	100	18,600	18,600		18,500		18,500	18,100	400
Other Purchased Professional Services	11-000-230-339	4,000		4,000	3,846	154	4,150	(2,150)	2,000	1,761	239
Purchased Technical Services	11-000-230-340	500		500	500	500	500		500	500	500
Communications/Telephone	11-000-230-530	92,085	284	92,369	87,843	4,526	117,040	(21,051)	95,989	63,550	32,439
BOE Other Purchased Services	11-000-230-585	3,850		3,850	1,818	2,032	3,000	(341)	2,659		2,659
Other Purchased Services	11-000-230-590	115,867	(12,514)	103,353	66,101	37,252	100,892	22,241	123,133	122,932	201
Supplies and Materials	11-000-230-610	9,965	(4,014)	5,951	3,847	2,104	6,000	59	6,059	5,891	168
BOE In-House Training/Meeting Supplies	11-000-230-630	957	190	1,147	1,051	96	500		500	24	476
Miscellaneous Expenditures	11-000-230-890	4,200	100	4,300	3,155	1,145	4,000	2,688	6,688	6,587	101
BOE Membership Dues & Fees	11-000-230-895	11,100		11,100	9,538	1,562	10,600		10,600	9,075	1,525
Total Support Services General Administration		493,996	(15,854)	478,142	410,937	67,205	477,305	(6,230)	471,075	432,311	38,764
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	622,432	33,600	656,032	638,171	17,861	660,317	6,546	666,863	666,862	1
Salaries of Other Professional Staff	11-000-240-104	25,500	1,100	26,600	26,600		19,960	6,665	26,625	26,625	
Salaries of Secretarial & Clerical Assistants	11-000-240-105	181,381	649	182,030	181,205	825	179,106	(1,402)	177,704	177,470	234

PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Support Services School Administration (continued):											
Other Purchased Services	11-000-240-500	11,900	416	12,316	10,645	1,671	13,600		13,600	6,716	6,884
Supplies and Materials	11-000-240-600	27,528	(2,953)	24,575	23,712	863	16,671	550	17,221	14,488	2,733
Other Objects	11-000-240-800	15,100	(7,128)	7,972	7,972		10,200	(364)	9,836	9,241	595
Total Support Services School Administration		883,841	25,684	909,525	888,305	21,220	899,854	11,995	911,849	901,402	10,447
Central Services:											
Salaries	11-000-251-100	211,411	(1,099)	210,312	207,286	3,026	187,150	10,763	197,913	196,242	1,671
Purchased Professional & Technical Services	11-000-251-340	24,000	(1,206)	22,794	17,364	5,430	24,000	(6,896)	17,104	15,755	1,349
Miscellaneous Purchased Services	11-000-251-592	3,560		3,560	964	2,596	1,300		1,300	75	1,225
Supplies and Materials	11-000-251-600	4,625		4,625	3,054	1,571	4,000	5,500	9,500	9,133	367
Other Objects	11-000-251-890	4,200		4,200	3,491	709	4,000	(1,000)	3,000	2,718	282
Total Central Services		247,796	(2,305)	245,491	232,159	13,332	220,450	8,367	228,817	223,923	4,894
Administrative Information Technology:											
Purchased Technical Services	11-000-252-330	24,770	32,765	57,535	50,884	6,651	31,623	31,487	63,110	57,617	5,493
Purchased Professional Services	11-000-252-340	1,000	(620)	380	379	1					
Other Purchased Services	11-000-252-500	1,000	(251)	749		749					
Supplies and Materials	11-000-252-600	10,000	17,358	27,358	27,333	25	31,623	(13,374)	18,249	9,100	9,149
Total Administrative Information Technology		36,770	49,252	86,022	78,596	7,426	63,246	18,113	81,359	66,717	14,642
Allowable Maintenance for School Facilities:											
Salaries	11-000-261-100	126,372	290	126,662	106,906	19,756	107,148		107,148	92,818	14,330
Cleaning, Repair & Maintenance Services	11-000-261-420	141,663	21,545	163,208	140,442	22,766	126,000	16,451	142,451	122,822	19,629
General Supplies	11-000-261-610	64,815	(8,938)	55,877	52,032	3,845	63,315	3,942	67,257	49,545	17,712
Total Allowable Maintenance for School Facilities		332,850	12,897	345,747	299,380	46,367	296,463	20,393	316,856	265,185	51,671

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PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Operation & Maintenance of Plant Services & School Facilities:											
Salaries	11-000-262-100	526,394	32,414	558,808	496,674	62,134	575,778	(70,218)	505,560	462,834	42,726
Salaries of Non-Instructional Aides	11-000-262-107	35,934	9,817	45,751	44,022	1,729		59,455	59,455	42,044	17,411
Purchased Professional & Technical Services	11-000-262-300	22,990		22,990	4,243	18,747	25,000	(2,010)	22,990	6,511	16,479
Cleaning, Repair & Maintenance Services	11-000-262-420	95,000	703	95,703	20,244	75,459	100,000	(5,000)	95,000	12,365	82,635
Other Purchased Property Services	11-000-262-490	17,500		17,500		17,500	17,500		17,500		17,500
Insurance	11-000-262-520	77,738	73,332	151,070	151,070		55,250	22,488	77,738	77,738	
Miscellaneous Purchased Services	11-000-262-590	23,146		23,146	3,868	19,278	17,000	6,146	23,146	18,787	4,359
General Supplies	11-000-262-610	132,547	(7,000)	125,547	65,910	59,637	132,547	(1,125)	131,422	17,909	113,513
Energy (Natural Gas)	11-000-262-621	248,850		248,850	106,628	142,222	248,850		248,850	160,403	88,447
Energy (Electricity)	11-000-262-622	315,000		315,000	230,116	84,884	315,000	(17,637)	297,363	254,881	42,482
Energy (Oil)	11-000-262-624	3,150		3,150		3,150	3,150	37	3,187	3,186	1
Other Objects	11-000-262-800	300		300	93	207		300	300	216	84
Total Operation & Maintenance of Plant Services & School Facilities		1,498,549	109,266	1,607,815	1,122,868	484,947	1,490,075	(7,564)	1,482,511	1,056,874	425,637
Care & Upkeep of Grounds:											
Salaries	11-000-263-100	117,870	(15,403)	102,467	84,512	17,955	139,453		139,453	87,059	52,394
Cleaning, Repair & Maintenance Services	11-000-263-420	10,000		10,000	5,416	4,584	10,000	(3,777)	6,223	2,617	3,606
Supplies and Materials	11-000-263-610	12,950		12,950	9,383	3,567	12,950	3,777	16,727	15,763	964
Other Objects	11-000-263-800	3,000		3,000	93	2,907	3,000	(795)	2,205	218	1,987
Total Care & Upkeep of Grounds		143,820	(15,403)	128,417	99,404	29,013	165,403	(795)	164,608	105,657	58,951
Security:											
Salaries	11-000-266-100	8,688		8,688		8,688	8,640		8,640	8,092	548
Cleaning, Repair & Maintenance Services	11-000-266-420	564	138	702	702			1,359	1,359	1,359	
Supplies and Materials	11-000-266-610		3,080	3,080	1,540	1,540					
Total Security		9,252	3,218	12,470	2,242	10,228	8,640	1,359	9,999	9,451	548
Student Transportation Services:											
Salaries of Non-Instructional Aides	11-000-270-107	38,059	(8,652)	29,407	29,253	154	39,253	5,605	44,858	24,383	20,475
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	2,283	(1,419)	864		864	2,283	(605)	1,678		1,678

PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Student Transportation Services (continued):											
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	42,197		42,197	39,306	2,891	32,371	13,129	45,500	41,248	4,252
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	116,845		116,845	111,835	5,010	124,226	(8,088)	116,138	85,667	30,471
Cleaning, Repair & Maintenance Services	11-000-270-420	8,500	26,524	35,024	34,173	851	8,500	12,784	21,284	21,284	
Contracted Services (Between Home & School) - Vendors	11-000-270-511	15,000	(7,740)	7,260	3,600	3,660	15,000	2,662	17,662	17,662	
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	33,366	(8,980)	24,386	14,240	10,146	60,000	(18,982)	41,018	11,463	29,555
Contracted Services (Special Education Students)	11-000-270-515	320,000	(31,052)	288,948	288,948		322,300	(2,334)	319,966	292,878	27,088
Contracted Services (Aid in Lieu of Payments) - (Charter Schools)	11-000-270-504		7,956	7,956	7,956			3,536	3,536	3,536	
Miscellaneous Purchased Services - Transportation	11-000-270-593	15,000	22,768	37,768	37,768		12,320	2,334	14,654	14,654	
General Supplies	11-000-270-610	500	1,350	1,850	998	852	500		500	139	361
Transportation Supplies	11-000-270-615	10,000	(350)	9,650	61	9,589	10,000		10,000	2,033	7,967
Miscellaneous Expenditures	11-000-270-800	250		250	91	159	250		250	37	213
Total Student Transportation Services		602,000	405	602,405	568,229	34,176	627,003	10,041	637,044	514,984	122,060
Unallocated Benefits - Employee Benefits:											
Social Security Contributions -											
Other	11-000-291-220	220,453	11,462	231,915	202,807	29,108	200,000	8,315	208,315	161,690	46,625
Other Retirement Contributions	11-000-291-241	228,127	(6,897)	221,230	219,920	1,310	200,000	14,439	214,439	214,439	
Unemployment Compensation	11-000-291-250	38,000	7,746	45,746	45,745	1	33,500	9,603	43,103	43,102	1
Workmen's Compensation	11-000-291-260	285,250	(96,100)	189,150	185,425	3,725	264,120		264,120	189,103	75,017
Health Benefits	11-000-291-270	3,056,581	(2,396)	3,054,185	2,987,253	66,932	3,122,363	(173,000)	2,949,363	2,741,945	207,418
Tuition Reimbursements	11-000-291-280	35,100	2,250	37,350	16,581	20,769	27,000		27,000	22,127	4,873
Other Employee Benefits	11-000-291-290	106,847	(10,116)	96,731	6,568	90,163	97,101		97,101	53,569	43,532
Total Unallocated Benefits - Employee Benefits		3,970,358	(94,051)	3,876,307	3,664,299	212,008	3,944,084	(140,643)	3,803,441	3,425,975	377,466

PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Nonbudgeted:											
On-Behalf TPAF Pension Contributions				910,707	(910,707)				627,257	(627,257)	
Reimbursed TPAF Social Security Contributions				683,402	(683,402)				684,512	(684,512)	
Total Undistributed Expenditures	11,953,782	66,488	12,020,270	12,493,950	(473,680)	11,826,614	98,817	11,925,431	11,716,026	209,405	
Total Expenditures - Current Expense	20,526,630	46,048	20,572,678	20,396,880	175,798	19,921,553	27,559	19,949,112	19,103,761	845,351	
Capital Outlay:											
Equipment:											
Grades 1-5	12-120-100-730					15,000	(15,000)				
Grades 6-8	12-130-100-730	12,880		12,880	12,880						
Grades 9-12	12-130-100-730	28,125		28,125	28,125	6,360	(55)	6,305	5,100	1,205	
School-Sponsored & Other											
Instructional Programs	12-400-100-730	20,000		20,000	10,943	9,057	6,000	(6,000)			
Required Maintenance for School											
Facilities	12-000-261-730	32,000	83,590	115,590	75,568	40,022	23,952	5,043	28,995	28,995	
Custodial Services	12-000-262-730	8,000	(7,917)	83	83	22,800	(15,488)	7,312		7,312	
Care and Upkeep of Grounds	12-000-263-730	15,000	(8,945)	6,055	6,055	22,800	(15,488)	7,312		7,312	
School Buses - Regular	12-000-270-733	50,000	(48,381)	1,619		22,800	(15,488)	7,312		7,312	
Total Equipment		166,005	18,347	184,352	92,566	91,786	119,712	(62,476)	57,236	34,095	23,141
Facilities Acquisition & Construction Services											
Architectural/Engineering Services	12-000-400-334		3,870	3,870	3,870			31,500	31,500	27,630	3,870
Construction Services	12-000-400-450						85,000	(71,467)	13,533		13,533
Other Objects	12-000-400-800	3,530		3,530	3,530	6,071		6,071	6,071		
Total Facilities Acquisition & Construction Services		3,530	3,870	7,400	7,400		91,071	(39,967)	51,104	33,701	17,403
Operating Transfer Out - Capital Projects Fund											
	12-000-400-931	30,643		30,643		30,643		85,000	85,000	85,000	
Total Capital Outlay		200,178	22,217	222,395	99,966	122,429	210,783	(17,443)	193,340	152,796	40,544
Total Expenditures		20,726,808	68,265	20,795,073	20,496,846	298,227	20,132,336	10,116	20,142,452	19,256,557	885,895

**PAULSBORO BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Excess/(Deficiency) of Revenues Over/(Under)										
Expenditures Before Other Financing Sources/(Uses)	(1,934,682)	(55,345)	(1,990,027)	230,766	2,220,793	(2,224,386)	(10,116)	(2,234,502)	230,710	2,465,212
Other Financing Sources/(Uses):										
Transfer to Capital Reserve	10-604	(30,643)	(30,643)		30,643					
Transfer of Fund to Charter Schools	10-00-100-56X	(16,382)	(16,382)	(16,382)						
Operating Transfer Out - Enterprise Fund	11-000-310-930	(175,527)	(175,527)		175,527	(150,000)		(150,000)	(150,000)	
Total Other Financing Sources/(Uses)		(222,552)	(222,552)	(16,382)	206,170	(150,000)		(150,000)	(150,000)	
Excess/(Deficiency) of Revenues Over/(Under)										
Expenditures After Other Financing Sources/(Uses)		(2,157,234)	(55,345)	(2,212,579)	214,384	2,426,963	(2,374,386)	(10,116)	(2,384,502)	80,710
Fund Balances, July 1		2,573,248		2,573,248	2,573,248	2,492,538		2,492,538	2,492,538	2,465,212
Fund Balances, June 30		\$416,014	(55,345)	360,669	2,787,632	2,426,963	118,152	(10,116)	108,036	2,573,248

RECAPITULATION OF BUDGET TRANSFERS:

Prior Year Reserve for Encumbrances	<u>\$55,345</u>
Total Budget Transfers	<u>\$55,345</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$100,000
Assigned Fund Balance:	
Year-End Encumbrances	90,350
Designated for Subsequent Year's Expenditures	2,231,693
Unassigned Fund Balance	<u>365,589</u>
Subtotal	<u>2,787,632</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(1,097,460)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$1,690,172</u>

**PAULSBORO BOARD OF EDUCATION
EDUCATION JOBS FUND PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ACCOUNT NUMBER	JUNE 30, 2012			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Federal Sources:						
Education Jobs Fund	18-4522	\$412,410	12,920	425,330	413,401	(11,929)
Total Federal Sources		412,410	12,920	425,330	413,401	(11,929)
Total Revenues		412,410	12,920	425,330	413,401	(11,929)
Expenditures:						
Education Jobs Fund:						
Operation & Maintenance of Plant Services:						
Custodial Services	18-000-262-100	383,303	12,920	396,223	384,023	12,200
Total Operation & Maintenance of Plant Services		383,303	12,920	396,223	384,023	12,200
Unallocated Benefits:						
Social Security Contributions	18-000-291-220	29,107		29,107	29,378	(271)
Total Personal Services - Employee Benefits		29,107		29,107	29,378	(271)
Total Education Jobs Fund		412,410	12,920	425,330	413,401	11,929
Total Expenditures		412,410	12,920	425,330	413,401	11,929
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures		\$ -	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**PAULSBORO BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$20,727,612	1,825,383
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	1,064,367	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(1,097,460)</u>	<u>(8,195)</u>
 Total Revenue as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	 <u>\$20,694,519</u>	 <u>1,817,188</u>
 Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$20,496,846</u>	<u>1,825,383</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	 <u>\$20,496,846</u>	 <u>1,825,383</u>

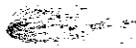
N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund



PAULSBORO BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

	I.D.E.A. PART B REGULAR	I.D.E.A. PART B PRESCHOOL	PRESCHOOL EDUCATION PROGRAM AID	UNIFORM DONATIONS	EARN TO LEARN	TEACHER OF THE YEAR	MISCELLANEOUS LOCAL PROGRAMS	SCIENCE DONATIONS	SIGN DONATIONS
Revenues:									
State Sources			117,063						
Federal Sources	\$472,708	13,552							
Local Sources			206,187	1,294	11,412	398	3,461	4,607	18,232
Total Revenues	\$472,708	13,552	323,250	1,294	11,412	398	3,461	4,607	18,232
Expenditures:									
Instruction:									
Salaries of Teachers	\$7,312	1,520	195,232		9,680				
Other Salaries for Instruction	3,266	1,103	41,679						
Purchase Professional - Educational Services									
Tuition	358,472								
Supplies	1,797	7,884	11,858			398		4,607	
Textbooks									
Miscellaneous							3,461		
Total Instruction	370,847	10,507	248,769		9,680	398	3,461	4,607	
Support Services:									
Salaries of Supervisors of Instruction									
Salaries of Other Professional Staff	59,422								
Salaries of Secretarial & Clerical Assistants									
Personal Services - Employee Benefits	7,795	201	74,481		741				
Purchased Professional - Educational Services	34,644	2,844							
Other Purchased Services									
Supplies				1,294	780 211				18,232
Total Support Services	101,861	3,045	74,481	1,294	1,732				18,232
Total Expenditures	\$472,708	13,552	323,250	1,294	11,412	398	3,461	4,607	18,232

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**PAULSBORO BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	TITLE I	TITLE II	TITLE III	TITLE I ARRA	TITLE I SIA ARRA
Revenues:					
State Sources					
Federal Sources	\$711,808	105,065	4,663	72,071	6,114
Local Sources					
Total Revenues	\$711,808	105,065	4,663	72,071	6,114
Expenditures:					
Instruction:					
Salaries of Teachers	\$366,448	79,144		12,912	
Other Salaries for Instruction	61,156			2,100	
Purchased Professional - Educational Services	63,411	10,577			
Tuition					
Supplies	1,992		4,663	55,911	6,114
Textbooks					
Miscellaneous	13,792				
Total Instruction	506,799	89,721	4,663	70,923	6,114
Support Services:					
Salaries of Supervisors of Instruction	1,596				
Salaries of Other Professional Staff					
Salaries of Secretarial & Clerical Assistants	119,379				
Personal Services-Employee Benefits	83,574	13,040		1,148	
Purchased Professional - Educational Services					
Other Purchased Services		1,149			
Supplies	460	1,155			
Total Support Services	205,009	15,344		1,148	
Total Expenditures	\$711,808	105,065	4,663	72,071	6,114

PAULSBORO BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

	NONPUBLIC							2012	2011
	SUPPLEMENTAL INSTRUCTION	EXAM CLASSIFICATION	NONPUBLIC SPEECH	BASIC SKILLS	TEXTBOOK	TRANSPORT	NURSING		
Revenues:									
State Sources	\$9,120	7,897	7,109	27,896	5,914	10,364	8,448	193,811	310,410
Federal Sources								1,385,981	1,628,949
Local Sources								245,591	15,128
Total Revenues	\$9,120	7,897	7,109	27,896	5,914	10,364	8,448	1,825,383	1,954,487
Expenditures:									
Instruction:									
Salaries of Teachers								672,248	821,617
Other Salaries for Instruction								109,304	99,933
Purchased Professional - Educational Services	\$9,120	7,897	7,109	27,896		10,364	8,448	144,822	193,596
Tuition								358,472	297,415
Supplies								95,224	96,065
Textbooks					5,914			5,914	5,911
Miscellaneous								17,253	840
Total Instruction	9,120	7,897	7,109	27,896	5,914	10,364	8,448	1,403,237	1,515,377
Support Services:									
Salaries of Supervisors of Instruction								1,596	
Salaries of Other Professional Staff								59,422	34,293
Salaries of Secretarial & Clerical Assistants								119,379	156,335
Personal Services - Employee Benefits								180,980	188,967
Purchased Professional - Educational Services								37,488	45,851
Other Purchased Services								1,929	
Supplies								21,352	13,664
Total Support Services								422,146	439,110
Total Expenditures	\$9,120	7,897	7,109	27,896	5,914	10,364	8,448	1,825,383	1,954,487

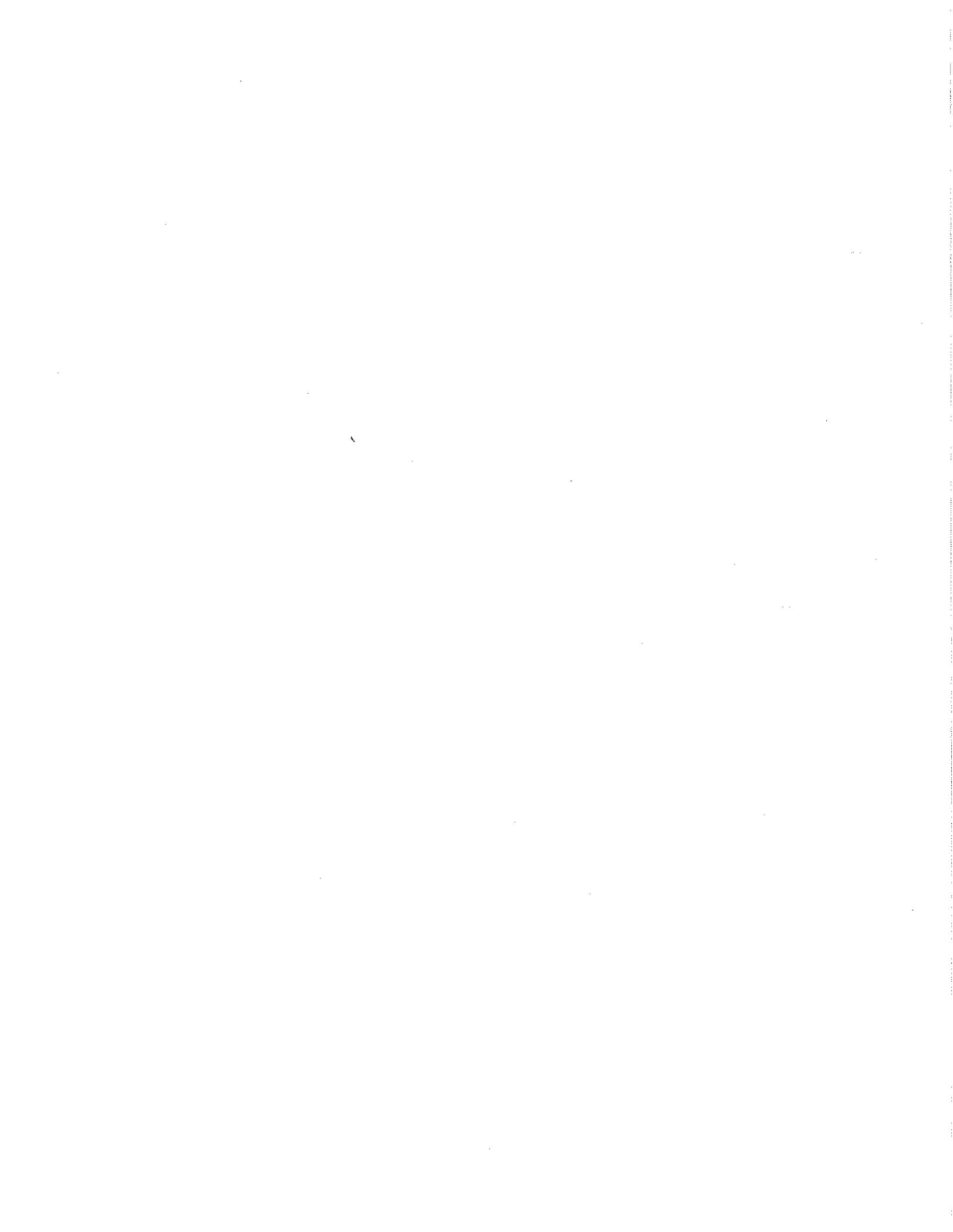
**PAULSBORO BOROUGH BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	BUDGETED	ACTUAL	VARIANCE
Expenditures:			
Instruction:			
Salaries of Teachers	\$195,232	195,232	
Other Salaries for Instruction	41,679	41,679	
Supplies	11,857	11,858	(1)
Total Instruction	<u>248,768</u>	<u>248,769</u>	<u>(1)</u>
Support Services:			
Personal Services - Employee Benefits	74,482	74,481	1
Total Support Services	<u>74,482</u>	<u>74,481</u>	<u>1</u>
Total Expenditures	<u><u>\$323,250</u></u>	<u><u>323,250</u></u>	<u><u>-</u></u>

CALCULATION OF BUDGET & CARRYOVER

Total 2011-2012 Preschool Education Aid Allocation	\$81,950
Add: Local Contribution - General Fund	206,187
Add: Actual ECPA Carryover (June 30, 2011)	<u>35,113</u>
Total Preschool Education Aid Funds Available for 2011-2012 Budget	323,250
Less: 2011-2012 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(323,250)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2012	-
Add: June 30, 2012 Unexpended Preschool Education Aid Funds	<u> </u>
2011-2012 Actual Carryover - Preschool Education Aid Funds	<u><u> </u></u>
2011-2012 Preschool Education Aid Funds Carryover Budgeted in 2012-2013	<u><u> </u></u>

F. Capital Projects Fund



**PAULSBORO BOARD OF EDUCATION
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NUMBER	PROJECT TITLE	APPROPRIATIONS	EXPENDITURES TO DATE		(OVER)/UNDER EXPENDED BALANCE
			PRIOR YEAR	CURRENT YEAR	
2010	Renovation of High School Gym	\$340,185	316,993		23,192
2011	Paulsboro High School HVAC Replacement	313,000	101,410	206,205	5,385
Total		<u>\$653,185</u>	<u>418,403</u>	<u>206,205</u>	<u>28,577</u>

**PAULSBORO BOARD OF EDUCATION
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, 2012**

Revenues & Other Financing Sources:	
State Sources - SDA Grant	<u>(\$151,815)</u>
Total Revenues	<u>(151,815)</u>
Expenditures & Other Financing Uses:	
Construction Services	<u>206,205</u>
Total Expenditures	<u>206,205</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(358,020)
Fund Balance - Beginning	<u>386,597</u>
Fund Balance - Ending	<u><u>\$28,577</u></u>

**PAULSBORO BOARD OF EDUCATION
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, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$321,501	(79,815)	241,686	241,686
Transfers	98,499		98,499	98,499
Total Revenues	420,000	(79,815)	340,185	340,185
Expenditures & Other Financing Uses:				
Construction Services	316,993		316,993	340,185
Total Expenditures	316,993		316,993	340,185
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$103,007	(79,815)	23,192	-

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	(\$79,815)
Revised Authorized Cost	\$340,185
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	93.18%
Original Target Completion Date	12/31/2011
Revised Target Completion Date	6/30/2012

**PAULSBORO BOARD OF EDUCATION
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, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$300,000	(72,000)	228,000	228,000
Transfers	85,000		85,000	85,000
Total Revenues	385,000	(72,000)	313,000	313,000
Expenditures & Other Financing Uses:				
Construction Services	101,410	206,205	307,615	313,000
Total Expenditures	101,410	206,205	307,615	313,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$283,590	(278,205)	5,385	-

ADDITIONAL PROJECT INFORMATION

Project Number	4020-050-10-1001
Grant Date	6/30/2012
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$385,000
Additional Authorized Cost	(\$72,000)
Revised Authorized Cost	\$313,000
Percentage Increase/(Decrease) Over Original Authorized Cost	-
Percentage Completion	98.28%
Original Target Completion Date	12/31/2012
Revised Target Completion Date	-

G. Proprietary Funds

Enterprise Funds

**PAULSBORO BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	2012	2011
Current Assets:			
Cash & Cash Equivalents	\$87,069	87,069	150,463
Accounts Receivable:			
State	283	283	450
Federal	21,264	21,264	30,936
Inventories	12,044	12,044	7,802
Total Current Assets	120,660	120,660	189,651
Noncurrent assets:			
Furniture, Machinery & Equipment	89,892	89,892	89,892
Less: Accumulated Depreciation	(72,377)	(72,377)	(64,451)
Total Noncurrent Assets	17,515	17,515	25,441
Total Assets	138,175	138,175	215,092
LIABILITIES			
Accounts Payable	1,530	1,530	20,994
Deferred Revenue	1,659	1,659	
Interfund Payable			3,609
Compensated Absences Payable	20,888	20,888	21,919
Total Liabilities	24,077	24,077	46,522
NET ASSETS			
Investments in Capital Assets - Net of Related Debt	17,515	17,515	25,441
Unrestricted	96,583	96,583	143,129
Total Net Assets	\$114,098	114,098	168,570

**PAULSBORO BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES - <u>FOOD</u> SERVICE		
	2012	2011	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$35,626	35,626	39,801
Daily Sales - Nonreimbursable Programs	35,640	35,640	44,077
	<hr/>		
Total Operating Revenues	71,266	71,266	83,878
	<hr/>		
Operating Expenses:			
Cost of Sales	284,181	284,181	269,455
Salaries	224,192	224,192	221,458
Employee Benefits	73,422	73,422	72,104
Supplies & Materials	16,749	16,749	20,706
Other Purchased Services	46,621	46,621	33,806
Depreciation	7,926	7,926	8,495
	<hr/>		
Total Operating Expenses	653,091	653,091	626,024
	<hr/>		
Operating Income/(loss)	(581,825)	(581,825)	(542,146)
	<hr/>		
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	7,112	7,112	6,102
Federal Sources:			
National School Lunch Program	319,819	319,819	281,100
National Summer Lunch Program	18,281	18,281	20,641
School Breakfast Program	147,029	147,029	125,226
After School Snacks	2,151	2,151	1,197
Food Distribution Program	32,961	32,961	19,952
	<hr/>		
Total Nonoperating Revenues/(Expenses)	527,353	527,353	454,218
	<hr/>		
Income/(Loss) Before Contributions & Transfers	(54,472)	(54,472)	(87,928)
	<hr/>		
Operating Transfers in:			
Board Contribution			150,000
	<hr/>		
Change in Net Assets	(54,472)	(54,472)	62,072
Total Net Assets - Beginning	168,570	168,570	106,498
	<hr/>		
Total Net Assets - Ending	\$114,098	114,098	168,570
	<hr/>		

**PAULSBORO BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	<u>BUSINESS-TYPE ACTIVITIES - FOOD SERVICE</u>	2012	2011
Cash Flows From Operating Activities:			
Receipts from Customers	\$105,886	105,886	103,830
Payments to Employees	(298,645)	(298,645)	(292,793)
Payments to Suppliers	(371,257)	(371,257)	(298,855)
	<u>(564,016)</u>	<u>(564,016)</u>	<u>(487,818)</u>
Net Cash Provided/(Used) by Operating Activities			
Cash Flows From Noncapital Financing Activities:			
Cash Received from Federal & State Reimbursements	504,231	504,231	431,693
Operating Transfers in			150,000
Interfunds Liquidated	(3,609)	(3,609)	(174,264)
	<u>500,622</u>	<u>500,622</u>	<u>407,429</u>
Net Cash Provided/(Used) by Noncapital Financing Activities			
Net Increase/(Decrease) in Cash & Cash Equivalents	(63,394)	(63,394)	(80,389)
Balances - Beginning of Year	150,463	150,463	230,852
	<u>\$87,069</u>	<u>87,069</u>	<u>150,463</u>
Balances - End of Year			

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

Operating Income/(Loss)	(\$581,825)	(581,825)	(542,146)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	7,926	7,926	8,495
Food Distribution Program	32,961	32,961	19,952
Changes in Assets & Liabilities:			
(Increase)/Decrease in Inventory	(4,242)	(4,242)	4,118
Increase/(Decrease) in Accounts Payable	(19,464)	(19,464)	20,994
Increase/(Decrease) in Deferred Revenue	1,659		
Increase/(Decrease) in Compensated Absences Payable	(1,031)	(1,031)	769
	<u>17,809</u>	<u>16,150</u>	<u>54,328</u>
Total Adjustments			
Net Cash Provided/(Used) by Operating Activities	<u><u>(\$564,016)</u></u>	<u><u>(565,675)</u></u>	<u><u>(487,818)</u></u>

Internal Service Fund

Not Applicable

H. Fiduciary Fund

**PAULSBORO BOARD OF EDUCATION
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	PRIVATE	AGENCY		2012	2011
	PURPOSE	STUDENT	PAYROLL		
	SCHOLARSHIP	ACTIVITY			
Cash & Cash Equivalents	\$48,476	100,134	110,500	259,110	323,178
Investments	45,426			45,426	
Total Assets	93,902	100,134	110,500	304,536	323,178
LIABILITIES					
Payroll Deductions & Withholdings			110,500	110,500	96,523
Due to Student Groups		100,134		100,134	104,508
Interfund Payable					4,071
Total Liabilities		100,134	110,500	210,634	205,102
NET ASSETS					
Reserved for Scholarships	93,902			93,902	118,076
Total Net Assets	\$93,902	-	-	93,902	118,076

**PAULSBORO BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	<u>PRIVATE PURPOSE TRUST FUND</u>	2012	2011
ADDITIONS			
Contributions:			
Other	\$16,295	16,295	67,980
Total Contributions	<u>16,295</u>	<u>16,295</u>	<u>67,980</u>
Investment Earnings:			
Interest	88	88	251
Net Investment Earnings	<u>88</u>	<u>88</u>	<u>251</u>
Total Additions	<u>16,383</u>	<u>16,383</u>	<u>68,231</u>
DEDUCTIONS			
Scholarship Payments	<u>40,557</u>	<u>40,557</u>	<u>46,322</u>
Total Deductions	<u>40,557</u>	<u>40,557</u>	<u>46,322</u>
Change in Net Assets	(24,174)	(24,174)	21,909
Net Assets - Beginning of the Year	<u>118,076</u>	<u>118,076</u>	<u>96,167</u>
Net Assets - End of the Year	<u>\$93,902</u>	<u>93,902</u>	<u>118,076</u>

**PAULSBORO BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	BALANCE JULY 1, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2012
Elementary Schools:				
Billingsport	\$9,081	2,065	1,290	9,856
Loudenslager	268	2,350	2,358	260
Total Elementary Schools	9,349	4,415	3,648	10,116
Paulsboro High School	95,159	162,974	168,115	90,018
Total Student Activity	\$104,508	167,389	171,763	100,134

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ASSETS	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
Cash & Cash Equivalents	\$100,594	16,468,782	16,458,876	110,500
Total Assets	\$100,594	16,468,782	16,458,876	110,500
LIABILITIES				
Payroll Deductions & Withholding	\$96,523	16,466,222	16,452,245	110,500
Interfund Payable	4,071	2,560	6,631	
Total Liabilities	\$100,594	16,468,782	16,458,876	110,500

I. Long-Term Debt

**PAULSBORO BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2012**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	ISSUED	RETIRED	BALANCE
			DATE	AMOUNT		JULY 1, 2011			JUNE 30, 2012
Refunding - Additions & Renovations to Buildings & Grounds	09/01/2002	\$2,560,000	09/01/2012	\$250,000	4.00%	\$980,000		250,000	730,000
			09/01/2013	245,000	4.00%				
			09/01/2014	235,000	4.00%				
Total						\$980,000	-	250,000	730,000

**SCHEDULE OF LOANS PAYABLE
JUNE 30, 2012**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	ISSUED	RETIRED	BALANCE
			DATE	AMOUNT		JULY 1, 2011			JUNE 30, 2012
New Jersey Public School Facilities	8/18/1993	\$577,034	7/15/2010-2013	\$30,370	1.5%	\$91,110		30,370	60,740

**PAULSBORO BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBERS	JUNE 30, 2012				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:											
Local Sources:											
Local Tax Levy	40-1210	\$155,803		155,803	155,803	160,965		160,965	160,965		
State Sources:											
Debt Service Aid Type II	40-3160	159,905		159,905	159,905	165,201		165,201	165,201		
Total Revenues		315,708		315,708	315,708	326,166		326,166	326,166		
Expenditures:											
Regular Debt Service:											
Interest	40-701-510-834	35,339		35,339	35,339	45,795		45,795	45,795		
Redemption of Principal	40-701-510-910	280,371		280,371	280,370	1	280,371		280,371	280,370	1
Total Expenditures		315,710		315,710	315,709	1	326,166		326,166	326,165	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures											
Fund Balance, July 1		(2)		(2)	(1)	1			2	2	1
Fund Balance, June 30		3		3	3		2		2	2	
		1	-	1	2	1	2	-	2	3	1

STATISTICAL SECTION (Unaudited)

PAULSBORO BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$5,695,960	5,522,026	5,233,039	5,255,074	5,449,923	5,140,860	5,289,657	5,512,362	5,311,121	4,787,401
Restricted	89,965	32,235	2,329,313	1,409,742	1,557,504	3,877,201	5,953,775	7,574,926	6,308,911	5,059,429
Unrestricted	634,785	815,668	(1,698,969)	(1,629,233)	(1,079,068)	(985,433)	(879,733)	(900,271)	(1,026,075)	(570,498)
Total Governmental Activities										
Net Assets	<u>\$6,420,710</u>	<u>6,369,929</u>	<u>5,863,383</u>	<u>5,035,583</u>	<u>5,928,359</u>	<u>8,032,628</u>	<u>10,363,699</u>	<u>12,187,017</u>	<u>10,593,957</u>	<u>9,276,332</u>
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$17,515	25,441	33,936	9,624	12,933	14,216	19,134	11,817	15,970	20,122
Unrestricted	96,583	143,129	72,562	(89,968)	(239,028)	(121,206)	18,798	116,331	181,235	145,204
Total Business-Type Activities										
Net Assets	<u>\$114,098</u>	<u>168,570</u>	<u>106,498</u>	<u>(80,344)</u>	<u>(226,095)</u>	<u>(106,990)</u>	<u>37,932</u>	<u>128,148</u>	<u>197,205</u>	<u>165,326</u>
District-Wide:										
Invested in Capital Assets, Net of Related Debt	\$5,713,475	5,547,467	5,266,975	5,264,698	5,462,856	5,155,076	5,308,791	5,524,179	5,327,091	4,807,523
Restricted	89,965	32,235	2,329,313	1,409,742	1,557,504	3,877,201	5,953,775	7,574,926	6,308,911	5,059,429
Unrestricted	731,368	958,797	(1,626,407)	(1,719,201)	(1,318,096)	(1,106,639)	(860,935)	(783,940)	(844,840)	(425,294)
Total District Net Assets	<u>\$6,534,808</u>	<u>6,538,499</u>	<u>5,969,881</u>	<u>4,955,239</u>	<u>5,702,264</u>	<u>7,925,638</u>	<u>10,401,631</u>	<u>12,315,165</u>	<u>10,791,162</u>	<u>9,441,658</u>

PAULSBORO BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:									
Governmental Activities									
Instruction:									
Regular	\$5,205,071	4,763,317	5,268,425	7,217,984	6,718,833	6,942,947	6,381,987	6,172,956	5,283,076
Special Education	3,063,340	3,111,445	3,627,921	1,457,620	1,494,270	1,295,817	1,372,273	1,159,509	1,078,769
Other Special Education	583,035	575,042	243,456	249,942	352,029	240,703	255,430	230,311	905,794
Other Instruction	454,721	457,148	478,573	424,739	436,374	499,599	513,278	399,637	477,241
Support Services:									
Tuition	1,727,154	1,664,571	1,427,257	1,732,517	2,036,724	1,646,116	1,382,874	825,354	916,160
Student & Instruction Related									
Services	7,486,822	6,914,061	7,107,983	6,804,807	6,648,721	6,307,383	5,261,132	4,801,163	5,493,558
School Administrative Services	888,305	901,402	867,692	932,919	1,036,648	1,003,093	973,114	649,501	598,501
General & Business Administrative									
Services	721,692	722,951	662,666	694,277	790,737	767,210	679,420	513,600	529,565
Plant Operations & Maintenance	1,506,238	1,443,238	1,467,734	1,570,277	1,755,357	1,658,804	1,524,302	1,312,171	1,313,140
Pupil Transportation	568,229	514,984	541,498	524,958	653,828	589,733	512,692	442,889	487,757
Transfer to Charter Schools	16,382								
Business & Other Support Services								950	
Interest on Long-Term Debt	31,854	42,310	52,798	62,871	72,177	80,050	86,776	99,878	115,230
Unallocated Depreciation	430,263	410,167	395,963	694,070	350,000	562,085	480,805	205,971	
Total Governmental Activities									
Expenses	22,683,106	21,520,636	22,141,966	22,366,981	22,345,698	21,593,540	19,424,083	16,813,890	17,198,791
Business-Type Activities:									
Food Service	653,091	626,024	609,213	685,131	805,196	767,184	680,989	629,172	603,934
Total Business-Type Activities Expense	653,091	626,024	609,213	685,131	805,196	767,184	680,989	629,172	603,934
Total District Expenses	\$23,336,197	22,146,660	22,751,179	23,052,112	23,150,894	22,360,724	20,105,072	17,443,062	17,802,725

PAULSBORO BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Program Revenues:									
Governmental Activities:									
Operating Grants & Contributions	\$1,817,188	1,958,327	2,528,338	2,452,753	3,923,997	3,749,370	3,416,857	3,079,187	3,231,222
Total Governmental Activities									
Program Revenues	1,817,188	1,958,327	2,528,338	2,452,753	3,923,997	3,749,370	3,416,857	3,079,187	3,231,222
Business-Type Activities:									
Charges for Services:									
Food Service	71,266	83,878	86,321	115,495	123,064	138,633	124,993	122,850	155,069
Operating Grants & Contributions	527,353	454,218	507,734	513,387	482,966	473,629	449,652	437,265	370,870
Total Business Type Activities									
Program Revenues	598,619	538,096	594,055	628,882	606,030	612,262	574,645	560,115	525,939
Total District Program Revenues	\$2,415,807	2,496,423	3,122,393	3,081,635	4,530,027	4,361,632	3,991,502	3,639,302	3,757,161
Net (Expense)/Revenue:									
Governmental Activities	(\$20,865,918)	(19,562,309)	(19,613,628)	(19,914,228)	(18,421,701)	(17,844,170)	(16,007,226)	(13,734,703)	(13,967,569)
Business-Type Activities	(54,472)	(87,928)	(15,158)	(56,249)	(199,166)	(154,922)	(106,344)	(69,057)	(77,995)
Total District-Wide Net Expense	(\$20,920,390)	(19,650,237)	(19,628,786)	(19,970,477)	(18,620,867)	(17,999,092)	(16,113,570)	(13,803,760)	(14,045,564)

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PAULSBORO BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues & Other Changes in Net Assets:									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$4,801,099	4,706,960	4,858,863	4,671,984	4,492,292	4,491,320	3,637,228	3,896,693	3,640,805
Taxes Levied for Debt Service	155,803	160,965	138,099	140,089	145,608	146,580	151,336	147,083	134,154
Unrestricted Grants & Contributions	14,186,496	13,524,139	14,342,786	13,062,177	10,338,984	9,586,254	9,023,052	8,940,418	9,165,438
Tuition	1,762,911	1,710,901	1,330,571	1,237,204	1,240,012	1,035,186	1,223,301	2,022,288	2,215,888
Miscellaneous Income	103,918	126,291	39,548	54,455	217,839	400,011	392,169	311,978	238,783
Transfers		(150,000)	(202,000)	(202,000)	(90,237)	(10,000)	(16,128)		(109,874)
Unallocated Adjustment to Compensated Absences	58,287	(10,401)	(66,439)	57,543	(27,066)	(135,652)	110,063	9,303	
Loss on Revaluation of Assets						(100,600)	(237,113)		
Cancellation of Account Receivable	(151,815)								
Total Governmental Activities	20,916,699	20,068,855	20,441,428	19,021,452	16,317,432	15,413,099	14,283,908	15,327,763	15,285,194
Business-Type Activities:									
Transfers		150,000	202,000	202,000	80,061	10,000	16,128		109,874
Total Business-Type Activities		150,000	202,000	202,000	80,061	10,000	16,128		109,874
Total District-Wide	\$20,916,699	20,218,855	20,643,428	19,223,452	16,397,493	15,423,099	14,300,036	15,327,763	15,395,068
Change in Net Assets:									
Governmental Activities	\$50,781	506,546	827,800	(892,776)	(2,104,269)	(2,431,071)	(1,723,318)	1,593,060	1,317,625
Business-Type Activities	(54,472)	62,072	186,842	145,751	(119,105)	(144,922)	(90,216)	(69,057)	31,879
Total District	(\$3,691)	568,618	1,014,642	(747,025)	(2,223,374)	(2,575,993)	(1,813,534)	1,524,003	1,349,504

**PAULSBORO BOARD OF EDUCATION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Restricted	\$100,000	45,754	2,346,318	1,430,301	1,581,473	3,903,929	5,989,578	7,672,415	6,308,911	5,036,304
Assigned/Committed	1,590,172	1,463,127								
Unassigned			(1,033,970)	(672,017)	(4,957)	2,260	(27,693)	61,833	29,993	467,797
Total General Fund	\$1,690,172	1,508,881	1,312,348	758,284	1,576,516	3,906,189	5,961,885	7,734,248	6,338,904	5,504,101
All Other Governmental Funds:										
Committed	\$2	206,205								
Restricted, Reported in:										
Special Revenue Fund	(8,195)				(59,352)			(59,353)	(88,011)	(90,751)
Capital Projects Fund	28,575	180,392	358,656						3,350	
Debt Service Fund		3	2				(6,782)	(6,782)		23,125
Total All Other Governmental Funds	\$20,382	386,600	358,658		(59,352)		(6,782)	(66,135)	(84,661)	(67,626)

PAULSBORO BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Tax Levy	\$4,956,902	4,867,925	4,996,962	4,812,073	4,637,900	4,637,900	3,788,564	4,043,776	3,774,959	3,718,509
Tuition Charges	1,762,911	1,710,901	1,330,571	1,237,204	1,240,012	1,035,186	1,223,301	2,022,288	2,215,888	2,294,522
Interest Earnings								158,986	48,534	71,631
Miscellaneous	349,509	141,419	64,764	291,839	453,537	441,837	410,255	152,992	190,249	266,449
State Sources	13,873,198	13,757,771	12,607,611	13,438,865	12,315,098	11,347,947	10,559,647	10,709,616	10,759,244	10,038,481
Federal Sources	1,884,895	1,709,567	4,238,297	1,838,681	1,712,185	1,945,851	1,862,176	1,309,989	1,637,415	543,683
Total Revenue	22,827,415	22,187,583	23,238,205	21,618,662	20,358,732	19,408,721	17,843,943	18,397,647	18,626,289	16,933,275
Expenditures:										
Instruction:										
Regular Instruction	5,205,071	4,763,317	5,268,425	7,217,984	6,718,833	6,942,947	6,381,987	6,172,956	5,283,076	4,937,339
Special Education Instruction	3,063,340	3,111,445	3,627,921	1,457,620	1,494,270	1,295,817	1,372,273	1,159,509	1,078,769	1,094,202
Other Special Instruction	583,035	575,042	243,456	249,942	352,029	240,703	255,430	230,311	905,794	947,670
Other Instruction	454,721	457,148	478,573	424,739	436,374	499,599	513,278	399,637	477,241	453,752
Support Services:										
Tuition	1,727,154	1,664,571	1,427,257	1,732,517	2,036,724	1,646,116	1,382,874	825,354	916,160	986,939
Student & Instruction Related Services	7,486,822	6,914,061	7,107,983	6,804,807	6,648,721	6,307,383	5,261,132	4,803,154	4,668,471	4,446,850
School Administrative Services	888,305	901,402	867,692	932,919	1,036,648	1,003,093	973,114	649,501	598,501	633,718
General & Business Administration Services	721,692	722,951	662,666	694,277	790,737	767,210	679,420	511,609	529,565	581,059
Plant Operations & Maintenance	1,523,894	1,437,167	1,467,734	1,564,256	1,755,357	1,658,804	1,524,302	1,312,171	1,313,140	1,396,269
Pupil Transportation	568,229	514,984	541,498	524,958	653,828	589,733	512,692	442,889	487,757	536,041
Other Support Services								950		
Capital Outlay	306,171	424,855	88,558	224,872	373,693	133,518	309,843	94,996	1,050,985	319,214
Debt Service:										
Principal	280,370	280,370	285,370	280,370	285,370	280,370	285,370	275,370	270,370	230,370
Interest & Other Charges	35,339	45,795	56,350	66,281	74,936	82,342	89,110	105,370	118,818	154,374
Total Expenditures	22,844,143	21,813,108	22,123,483	22,175,542	22,657,520	21,447,635	19,540,825	16,983,777	17,698,647	16,717,797

PAULSBORO BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(16,728)	374,475	1,114,722	(556,880)	(2,298,788)	(2,038,914)	(1,696,882)	1,413,870	927,642	215,478
Other Financing Sources/(Uses):										
Transfers to Charter Schools	(16,382)									
Cancellation of Prior Year Receivable	(151,815)									
Transfers Out		(150,000)	(202,000)	(202,000)	(90,237)	(10,000)	(16,128)		(109,874)	(120,917)
Total Other Financing Sources/(Uses)	(168,197)	(150,000)	(202,000)	(202,000)	(90,237)	(10,000)	(16,128)		(109,874)	(120,917)
Net Change in Fund Balances	(\$184,925)	224,475	912,722	(758,880)	(2,389,025)	(2,048,914)	(1,713,010)	1,413,870	817,768	94,561
Debt Service as a Percentage of Noncapital Expenditures	1.4%	1.5%	1.6%	1.6%	1.6%	1.7%	1.9%	2.3%	2.4%	2.4%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

PAULSBORO BOARD OF EDUCATION
GOVERNMENTAL FUNDS - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	MISCELLANEOUS	TOTAL
2012	\$22,397	1,762,911	327,112	2,112,420
2011	30,262	1,710,901	111,157	1,852,320
2010	28,425	1,330,571	36,339	1,395,335
2009	31,981	1,237,204	259,858	1,529,043
2008	141,717	1,240,012	311,820	1,693,549
2007	302,494	1,035,186	139,343	1,477,023
2006	345,398	1,223,301	64,857	1,633,556
2005	158,986	2,022,288	152,992	2,334,266
2004	48,534	2,215,888	190,249	2,454,671
2003	71,631	2,294,522	266,449	2,632,602

Source: District records

**PAULSBORO BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST SEVEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	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
91 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	2.121	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	1.963	495,092,817
2010	3,555,500	141,840,200	19,000	35,368,100	50,723,400	6,867,500	238,373,700	1,114,797	239,488,497	2.060	467,139,776
2009	3,630,000	141,247,200	19,000	30,963,100	64,690,355	6,767,500	247,317,155	1,161,376	248,478,531	1.974	452,372,213
2008	2,953,400	141,034,600	19,000	58,006,000	39,098,600	6,867,500	247,979,100	1,323,857	249,302,957	1.895	446,699,489
2007	2,803,100	140,390,700	19,000	58,333,600	61,126,500	6,867,500	269,540,400	1,577,825	271,118,225	1.711	399,552,499
2006	2,844,400	139,477,800	19,000	58,471,300	61,126,500	6,867,500	268,806,500	1,842,734	270,649,234	1.557	331,152,576

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

PAULSBORO BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	TOTAL DIRECT	PAULSBORO BOROUGH	GLOUCESTER COUNTY	COUNTY OPEN SPACE	
2012	2.12	2.12	1.97	0.92	0.07	5.09
2011	1.96	1.96	2.04	1.02	0.08	5.09
2010	2.06	2.06	2.01	0.98	0.08	5.13
2009	1.97	1.97	2.24	0.57	0.06	4.84
2008	1.90	1.90	1.86	0.92	0.07	4.75
2007	1.71	1.71	1.52	0.75	0.06	4.05
2006	1.56	1.56	1.45	0.67	0.05	3.73
2005	1.43	1.43	1.34	0.69	0.05	3.51
2004	1.43	1.43	1.26	0.65	0.02	3.36
2003	1.37	1.37	1.19	0.64	0.02	3.22

Source: Municipal Tax Collector

**PAULSBORO BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND LAST NINE**

TAXPAYER	2012		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
NuStar Asphalt Refining LLC	\$28,800,000	1	11.57%
Pacific Atl Term C/O Re McElroy LLC	25,510,200	2	10.25%
Mobil Oil Corporation	17,199,500	3	6.91%
Paulsboro Acquisition Group	3,225,600	4	1.30%
Paulsboro Gardens & Reilly Mtg Grp	2,634,700	5	1.06%
J & A Properties of NJ, LLC	1,299,000	7	0.52%
C/O PD Mgt AV Paulsboro LLC	1,293,100	8	0.52%
Dependable Management LLC	1,175,000	9	0.47%
Verizon - Tax Department	1,140,017	10	0.46%
C/O WAWA Senior Book - Corp Acct	916,000	11	0.37%
Total	\$83,193,117		33.43%

	2003		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

NOT AVAILABLE

Source: Municipal Tax Assessor

**PAULSBORO BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 31,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2012	4,956,904	4,956,904	100.00%	-
2011	4,867,925	4,867,925	100.00%	-
2010	4,996,968	4,996,968	100.00%	-
2009	4,812,073	4,812,073	100.00%	-
2008	4,637,900	4,637,900	100.00%	-
2007	4,637,900	4,637,900	100.00%	-
2006	3,788,564	3,788,564	100.00%	-
2005	4,043,776	4,043,776	100.00%	-
2004	8,348,697	8,348,697	100.00%	-
2003	3,718,509	3,718,509	100.00%	-

Source: District Records

**PAULSBORO BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	ANTICIPATION NOTES (BANs)	CAPITAL LEASES	
2012	\$790,740				790,740
2011	1,071,110				1,071,110
2010	1,351,480				1,351,480
2009	1,636,850	-	-	-	1,636,850
2008	1,917,220	-	-	-	1,917,220
2007	2,202,590	-	-	-	2,202,590
2006	2,482,959	-	-	-	2,482,959
2005	2,768,330	-	-	-	2,768,330
2004	3,043,701	-	-	-	3,043,701
2003	3,314,072	-	-	-	3,314,072

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

**PAULSBORO BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2012	\$790,740		790,740	0.32%	N/A
2011	1,071,110		1,071,110	0.43%	175.22
2010	1,351,480		1,351,480	0.56%	221.66
2009	1,636,850		1,636,850	0.66%	269.44
2008	1,917,220		1,917,220	0.71%	315.59
2007	2,202,590		2,202,590	0.81%	362.57
2006	2,482,959		2,482,959	0.92%	410.75
2005	2,768,330		2,768,330	0.91%	456.44
2004	3,043,701		3,043,701	1.09%	498.07
2003	3,314,072		3,314,072	1.08%	541.34

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Paulsboro	N/A	100.000%	N/A
County of Gloucester General Obligation Debt	N/A	1.540%	N/A
Subtotal, Overlapping Debt			
Paulsboro School District Direct Debt			<u>790,740</u>
Total Direct & Overlapping Debt			<u><u>\$790,740</u></u>

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

**PAULSBORO BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$18,377,158	18,842,344	17,695,688	15,560,458	13,740,872	12,349,412	11,730,641	11,346,698	11,270,779	11,687,761
Total Net Debt Applicable to Limit	1,351,480	1,351,480	1,636,850	1,917,220	2,202,590	2,482,959	2,768,330	3,043,701	3,314,072	3,334,443
Legal Debt Margin	17,025,678	17,490,864	16,058,838	13,643,238	11,538,282	9,866,453	8,962,311	8,302,997	7,956,707	8,353,318
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.35%	7.17%	9.25%	12.32%	16.03%	20.11%	23.60%	26.82%	29.40%	28.53%

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis
	2011 448,071,756
	2010 478,933,711
	2009 451,281,347
	<u>\$1,378,286,814</u>
Average Equalized Valuation of Taxable Property	<u>\$459,428,938</u>
Debt Limit (4 % of Average Equalization Value)	\$18,377,158
Net Bonded School Debt	<u>(1,351,480)</u>
Legal Debt Margin	<u>\$17,025,678</u>

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

**PAULSBORO BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION		PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2011	6,113		N/A	22.5%
2010	6,097	*	43,846	23.1%
2009	6,075		39,591	15.5%
2008	6,075		39,404	15.5%
2007	6,075		37,754	11.1%
2006	6,045		36,401	12.2%
2005	6,065		34,373	13.5%
2004	6,111		32,888	12.2%
2003	6,122		31,317	11.9%
2002	6,131		30,726	13.1%

Source: State of New Jersey, Department of Labor and Workforce Development, Labor Planning and Analysis.

* 2010 Census

EXHIBIT J-15 NOT AVAILABLE

**PAULSBORO BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR**

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction:										
Regular *	138.0	138.0	145.0	126.0	113.0	112.9	120.0	93.0	102.0	99.0
Support Services:										
Student & Instruction Related										
Services	14.0	14.0	14.0	18.0	16.0	18.8	23.0	16.8	16.8	16.5
School Administrative Services	18.0	18.0	18.0	13.0	10.5	11.3	11.0	9.0	9.0	9.0
General & Business Administrative										
Services				2.0	2.0	2.0	3.0	2.0	2.0	2.3
Plant Operations & Maintenance	29.0	29.0	29.0	30.0	24.0	23.2	22.0	23.0	23.0	22.0
Pupil Transportation	6.0	6.0	6.0	6.0	6.5	5.5	5.0	2.2	2.2	2.2
Business & Other Support Services	3.0	3.0	3.0	3.0	3.3	3.3	4.0	4.8	4.8	4.8
Special Schools				40.0	33.0	42.6	40.0	40.0	40.0	46.0
Food Service	10.0	10.0	10.0	9.0	9.0	6.4	-	1.0	1.0	1.0
Total	218.0	218.0	225.0	247.0	217.3	226.0	228.0	191.8	200.8	202.8

Source: School District Budget Statements.

* Includes Budgeted teachers and classroom aides, information not available for allocation between regular,

**PAULSBORO BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN 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				
2012	1,216	\$20,396,880	16,774	8.35%	116	12	15	8	1,204	1,162	-1.55%	96.51%
2011	1,234	19,103,761	15,481	5.94%	119	12	15	7	1,223	1,104	-5.41%	90.27%
2010	1,301	19,011,291	14,613	2.16%	125	11	12	9	1,293	1,174	-3.72%	90.80%
2009	1,343	19,210,618	14,304	11.55%	115	14.1	13.3	10.5	1,343	1,297	-2.61%	96.57%
2008	1,399	17,940,172	12,824	6.68%	119	13.4	12.5	11.2	1,379	1,251	-3.63%	90.72%
2007	1,431	17,202,035	12,021	10.21%	120	13.3	12.9	10.9	1,431	1,309	-0.91%	91.47%
2006	1,421	15,498,998	10,907	14.12%	120	13.2	12.7	10.8	1,444	1,327	-1.64%	91.90%
2005	1,408	13,457,512	9,558	3.95%	93	13.0	12.0	11.6	1,468	1,346	-0.26%	91.66%
2004	1,427	13,120,244	9,194	3.24%	102	12.8	14.3	11.1	1,472	1,355	0.04%	92.01%
2003	1,474	13,126,845	8,906	12.29%	99	14.0	15.2	11.2	1,472	1,350	1.30%	91.76%

Sources: District records

**PAULSBORO BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	347	358	353	367	367	387	384	378	346	379
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)	322	302	327	331	331	349	349	348	386	394
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	547	574	621	701	701	695	693	733	733	735
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, 2012:										
Elementary = 2										
High School = 1										
Other = 1										

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

**PAULSBORO BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

*	PAULSBORO HIGH SCHOOL	BILLINGSPORT ELEMENTARY SCHOOL	LOUDENSLAGER ELEMENTARY SCHOOL	TOTAL
2012	193,144	50,610	55,626	299,380
2011	163,381	57,730	44,156	265,267
2010	156,620	45,886	42,603	245,109
2009	149,364	86,586	80,489	316,439
2008	173,221	47,078	96,140	316,439
2007	226,377	58,012	65,486	349,875
2006	138,849	31,928	18,755	189,532
2005	78,362	16,120	13,606	108,088
2004	141,305	36,362	42,956	220,623
2003	151,214	51,050	39,678	241,942

* 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 BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2012**

	COVERAGE	DEDUCTIBLE
School Package Policy (1):		
Building & Contents (All Locations)		
Limits of Liability per Occurrence	\$150,000,000	1,000
Boiler & Machinery	100,000,000	1,000
General Automobile Liability	10,000,000	
School Board Legal Liability	10,000,000	
Employers Liability	500,000	1,000
Workers' Compensation	250,000	
 Student Accident Insurance (2)	 1,000,000	
 Surety Bonds (3)		
Treasurer	250,000	N/A
Board Secretary	25,000	N/A

- (1) Gloucester Cumberland Salem School Districts Joint Insurance Fund, coupled with the School Pool for Excess Liability Limits Joint Insurance Fund.
- (2) National Union Fire Insurance Company of Pittsburgh, PA through The Maxsin Group, Pennsauken, NJ.
- (3) Western Surety Company of South Dakota through Dalton Insurance Agency, LLC, Glassboro, NJ.

Source: District records

SINGLE AUDIT SECTION

EXHIBIT K-1

**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 Borough
County of Gloucester
Paulsboro, New Jersey 08066

We have audited the financial statements of the Board of Education of the Paulsboro Borough School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 19, 2012. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

The management of the Board of Education of the Paulsboro School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered the Paulsboro Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

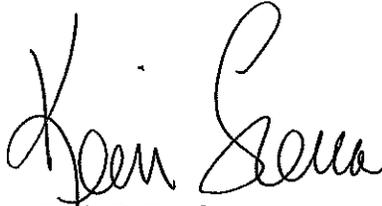
As part of obtaining reasonable assurance about whether the Paulsboro Borough Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain

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 are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey as Finding No. 2012-01 in the accompanying *Auditor's Management Report on Administrative Findings, Financial Compliance and Performance*.

This report is intended solely for the information of the audit committee, management, the Paulsboro Borough Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectively submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read "Kevin Frenia", written in a cursive style.

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

Medford, New Jersey
October 19, 2012



Certified Public Accountants & Consultants

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holmanfrenia.com

EXHIBIT K-2

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members
of the Board of Education
Paulsboro Borough
County of Gloucester
Paulsboro, New Jersey 08066

Compliance

We have audited the compliance of the Board of Education of the Paulsboro Borough School District, in the County of Gloucester, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. The Board of Education of the Paulsboro Borough 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education of the Paulsboro Borough School District's management. Our responsibility is to express an opinion on Board of Education of the Paulsboro Borough School District's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 Board of Education of the Paulsboro Borough 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. Our audit does not provide a legal determination on the Board of Education of the Paulsboro Borough School District's compliance with those requirements.

In our opinion, the Board of Education of the Paulsboro Borough School District, County of Gloucester, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal or state programs for the year ended June 30, 2012.

However, the results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Internal Control Over Compliance

The management of the Board of Education of the Paulsboro Borough School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Paulsboro Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Paulsboro Board of Education's internal control over compliance.

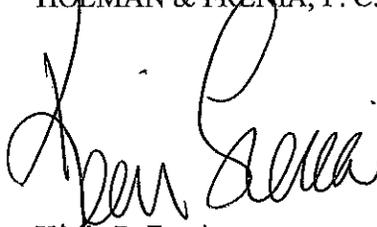
A deficiency in a District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Paulsboro Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Paulsboro Board of Education's response and, accordingly, we express no opinion on it.

This report is intended for the information of the management of the Board of Education of the Paulsboro Borough School District, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectively submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
October 19, 2012

PAULSBORO BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR PASS-THROUGH GRANTOR GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2012	DEFERRED REVENUE AT JUNE 30, 2012	DUE TO GRANTOR JUNE 30, 2012
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:										
Enterprise Fund:										
National School Lunch Program	10.555		\$319,819	7/1/11-6/30/12		306,598	(319,819)	(13,221)		
National School Lunch Program	10.555		281,100	7/1/10-6/30/11	(\$19,654)	19,654				
National Summer Lunch Program	10.559		18,281	7/1/11-6/30/12		18,281	(18,281)			
School Breakfast Program	10.553		147,029	7/1/11-6/30/12		138,986	(147,029)	(8,043)		
School Breakfast Program	10.553		125,226	7/1/10-6/30/11	(11,281)	11,281				
Food Distribution Program	10.550		32,961	7/1/11-6/30/12		32,961	(32,961)			
After School Snack Program	10.550		2,151	7/1/11-6/30/12		2,151	(2,151)			
Total U.S. Department of Agriculture					(30,935)	529,912	(520,241)	(21,264)		
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:										
General Fund:										
Medical Assistance Program	93.778		85,513	7/1/11-6/30/12		59,700	(85,513)	(25,813)		
Medical Assistance Program	93.778		80,618	7/1/10-6/30/11	(24,742)	24,742				
Education Jobs Fund	84.410		413,401	9/1/11-8/31/12			(413,401)	(413,401)		
Special Revenue Fund:										
I.A.S.A.:N.C.L.B.										
Title I	84.010	NCLB402011	849,751	9/1/10-8/31/11	(470,114)	470,114				
Title I	84.010	NCLB402012	764,775	9/1/11-8/31/12		478,587	(692,998)	(214,411)		
Title I	84.010	NCLB402009	987,659	9/1/08-8/31/09		18,810	(18,810)			
Title I, SIA	84.010	NCLB402012	31,295	9/1/10-8/31/11	(27,450)	27,450				
Title I, SIA	84.010	NCLB402009	75,000	9/1/08-8/31/09	(34,701)	34,701				
Title I, SIA - ARRA	84.389	NCLB405010	497,807	9/1/09-8/31/11	(23,836)	29,950	(6,114)			
Title I - ARRA	84.389	NCLB405010	497,807	9/1/09-8/31/11	(297,235)	369,306	(72,071)			
Title II - Part A	84.281A	NCLB402011	118,758	9/1/10-8/31/11	(62,317)	62,317				
Title II - Part A	84.281A	NCLB402012	110,690	9/1/11-8/31/12		76,914	(105,065)	(28,151)		
Title III	93.052	NCLB402012	4,663	9/1/11-8/31/12		4,663	(4,663)			
Title IV	84.186	NCLB402011	12,469	9/1/09-8/31/10	(1,120)	1,120				
I.D.E.A. B -Basic	84.026	IDEA405011	387,044	9/1/10-8/31/11	(89,965)	89,965				
I.D.E.A. B -Basic	84.027	IDEA405010	365,500	9/1/09-8/31/10	(28,036)	146,092	(118,056)			
I.D.E.A. B -Basic	84.027	IDEA405012	354,652	9/1/11-8/31/12		283,384	(354,652)	(71,268)		
I.D.E.A. Part B, Basic Regular - ARRA	84.391	IDEA405010	374,022	9/1/09-8/31/10	(149,113)	149,113				
I.D.E.A. Preschool	84.392	IDEA405012	13,552	9/1/11-8/31/12			(13,552)	(13,552)		
Local Capacity Grant	84.027A	N/A	254,000	10/1/04-9/30/05	3,275				3,275	
Technology/Technology	84.048	PERK4020-04	22,789	7/1/03-6/30/04	1,050				1,050	
Total Special Revenue Fund					(1,204,304)	2,326,928	(1,884,895)	(766,596)	4,325	
Total Federal Financial Assistance					(\$1,235,239)	2,856,840	(2,405,136)	(787,860)	4,325	-

PAULSBORO BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2011		BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	CANCELLED	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2012	DUE TO GRANTOR JUNE 30, 2012	MEMO	
				JUNE 30, 2011	CASH RECEIVED						BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education												
General Fund:												
Current Expense:												
Categorical Special Education Aid	12-495-034-5120-089	\$586,424	7/1/11-6/30/12		586,424	(586,424)					(54,253)	586,424
Equalization Aid	12-495-034-5120-078	11,257,749	7/1/11-6/30/12		11,257,749	(11,257,749)					(1,041,506)	11,257,749
School Choice Aid	12-495-034-5120-068	18,392	7/1/11-6/30/12		18,392	(18,392)					(1,702)	18,392
Extraordinary Special Education Aid	11-495-034-5120-473	107,330	7/1/10-6/30/11	(\$107,330)	107,330							
Extraordinary Special Education Aid	12-495-034-5120-473	104,096	7/1/11-6/30/12			(104,096)			(104,096)			104,096
T.P.A.F. Pension	12-495-034-5095-006	910,707	7/1/11-6/30/12		910,707	(910,707)						910,707
T.P.A.F. Social Security Aid	12-495-034-5095-002	683,402	7/1/11-6/30/12		679,573	(683,402)			(3,829)			683,402
T.P.A.F. Social Security Aid	11-495-034-5095-002	684,512	7/1/10-6/30/11	(35,502)	35,502							
Total General Fund				(142,832)	13,595,677	(13,560,770)			(107,925)		(1,097,461)	13,560,770
Special Revenue Fund:												
Preschool Education Aid	11-495-034-5120-085	260,750	7/1/10-6/30/11	9,038	26,074	(35,112)						35,112
Preschool Education Aid	12-495-034-5120-085	81,950	7/1/11-6/30/12		73,755	(81,950)			(8,195)		(8,195)	81,950
Character Education Aid	06-495-034-5120-053	4,000	7/1/05-6/30/06	4,000			(4,000)					
Initiative Development for the Early Achievement in Literacy	07-100-034-5063-H300	25,000	7/1/06-6/30/07	4,401			(4,401)					
REBEL	N/A	3,000	7/1/06-6/30/07	677			(677)					
REBEL	N/A	6,000	7/1/07-6/30/08	106			(106)					
Non-Public Basic Skills	10-100-034-5120-066	49,904	7/1/09-6/30/10	6,717			(6,717)					
Non-Public Basic Skills	12-100-034-5120-066	39,731	7/1/11-6/30/12		39,731	(27,896)			11,835			27,896
Non-Public Supplemental Instruction	12-100-034-5120-066	10,452	7/1/11-6/30/12		10,452	(9,120)			1,332			9,120
Non-Public Exam Classification	12-100-034-5120-065	13,529	7/1/11-6/30/12		13,529	(7,897)			5,632			7,897
Non-Public Speech	12-100-034-5120-066	10,268	7/1/11-6/30/12		10,268	(7,109)			3,159			7,109
Non-Public Nursing	12-100-034-5120-070	8,448	7/1/11-6/30/12		8,448	(8,448)						8,448
Non-Public Transport	12-100-034-5120-066	10,364	7/1/11-6/30/12		10,364	(10,364)						10,364
Non-Public Textbook	12-100-034-5120-064	5,914	7/1/11-6/30/12		5,914	(5,914)						5,914
Total Special Revenue Fund				24,939	198,535	(193,810)	(15,901)		(8,195)	21,958	(8,195)	193,810
Capital Projects Fund:												
SDA Grant	4020-050-09-1001	321,501	7/1/10-6/30/12	(321,501)				79,815	(241,686)			
SDA Grant	4020-050-10-1001	300,000	7/1/10-6/30/12	(300,000)				72,000	(228,000)			
Total Capital Projects Fund				(621,501)				151,815	(469,686)			
Debt Service Fund:												
Debt Service Aid Type II	12-495-034-5120-017	159,905	7/1/11-6/30/12		159,905	(159,905)						159,905
Total Debt Service Fund					159,905	(159,905)						159,905
Enterprise Fund:												
National School Lunch Program - (State Share)	12-100-010-3360-067	7,112	7/1/11-6/30/12		6,829	(7,112)			(283)			7,112
National School Lunch Program - (State Share)	11-100-010-3360-067	6,102	7/1/10-6/30/11	(450)	450							
Total Enterprise Fund				(450)	7,279	(7,112)			(283)			7,112
Total State Financial Assistance				(\$739,844)	13,961,396	(13,921,597)	(15,901)	151,815	(586,089)	21,958	(1,105,656)	13,921,597

**PAULSBORO BOROUGH BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2012**

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements.

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.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 last state aid payment 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 (\$33,093) for the general fund and (\$8,195) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**PAULSBORO BOROUGH BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2012**

3. Relationship to Basic Financial Statements (continued):

	Federal	State	Total
General Fund	\$ 498,914	\$13,527,677	\$14,026,591
Special Revenue Fund	1,385,981	185,616	1,571,597
Debt Service Fund		159,905	159,905
Food Service Fund	<u>520,241</u>	<u>7,112</u>	<u>527,353</u>
Total Financial Assistance	<u>\$2,405,136</u>	<u>\$13,880,310</u>	<u>\$16,285,446</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. 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, 2012.

Note 6. Federal and State Loans Outstanding

Paulsboro Board of Education had no loan balances outstanding at June 30, 2012.

**PAULSBORO BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance With Section .510(a) of Circular A-133?	None Reported

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**PAULSBORO BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results (continued)

State Financial Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$390,327
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
12-495-034-5120-078	Equalization Aid
12-495-034-5120-089	Special Education Aid

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB’s Circular Letter 04-04.

No Current Year Findings

**PAULSBORO BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2012**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

Finding 2010-01:

Condition:

For the 2009-2010 school year, state aid had been adjusted throughout the year. We noted that the adjustments were been charged to budget appropriation lines rather than reducing applicable revenue lines.

Current Status:

The condition has been corrected by the District.

Finding 2010-02:

Condition:

The District is required to maintain an accurate accounting of all Capital Assets of the District. This includes recording on the adjusted cost basis and adjusting for any additions and deletions.

Current Status

The condition has been corrected by the District.

