

**SCHOOL DISTRICT OF
SHAMONG TOWNSHIP**

SHAMONG BOARD OF EDUCATION
Shamong, New Jersey
County of Burlington

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SHAMONG TOWNSHIP BOARD OF EDUCATION

SHAMONG, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by

**Shamong Township Board of Education
Finance Department**

OUTLINE OF CAFR

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
Independent Auditor's Report	9

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis	11
--------------------------------------	----

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:	
A-1 Statement of Net Assets	20
A-2 Statement of Activities	21
B. Fund Financial Statements:	
B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	24
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
B-4 Statement of Net Assets	26
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Assets	27
B-6 Statement of Cash Flows	28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	29
B-8 Statement of Changes in Fiduciary Net Assets	30
Notes to Financial Statements	31

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	53
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Education Jobs Fund Program – Budget & Actual	65
C-2 Budgetary Comparison Schedule – Special Revenue Fund	66

(continued)

OUTLINE OF CAFR (continued):

	PAGE
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	67
D. School Based Budget Schedules –	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures Special Revenue Fund – Budgetary Basis	68
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	70
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	71
F-2a Schedule of Revenues, Expenditures Project Balance & Project Status – Project Status – Indian Mills Memorial & Indian Mills Schools, Renovation, Site Work & Solar Panel Installation	72
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	73
G-2 Combining Schedule of Revenues, Expenses & Changes in in Fund Net Assets	74
G-3 Combining Schedule of Cash Flows	75
Internal Service Fund –	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	76
H-2 Combining Statement of Changes in Fiduciary Net Assets	77
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	78
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	78
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	79
I-2 Schedule of Obligations Under Capital Leases	80
I-3 Debt Service Fund Budgetary Comparison Schedule	81

(continued)

OUTLINE OF CAFR (continued):

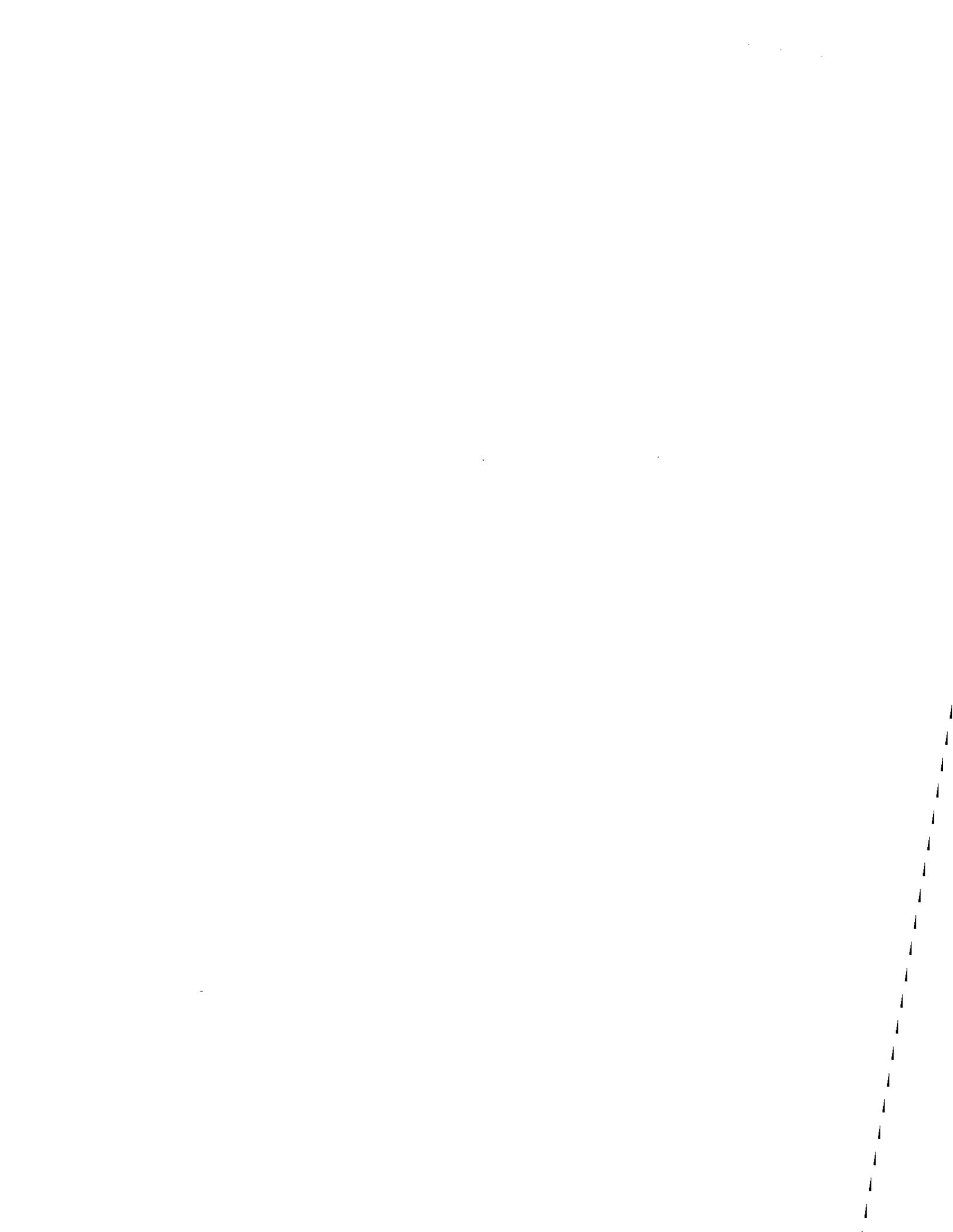
STATISTICAL SECTION (unaudited)

	PAGE
Financial Trends:	
J-1 Net Assets by Component	82
J-2 Changes in Net Assets	83
J-3 Fund Balances – Governmental Funds	86
J-4 Changes in Fund Balances – Governmental Funds	87
J-5 General Fund Other Local Revenue by Source	89
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	90
J-7 Direct & Overlapping Property Tax Rates	91
J-8 Principal Property Taxpayers	92
J-9 Property Tax Levies & Collections	93
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	94
J-11 Ratios of General Bonded Debt Outstanding	95
J-12 Direct & Overlapping Governmental Activities Debt	95
J-13 Legal Debt Margin Information	96
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	97
J-15 Principal Employers	97
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	98
J-17 Operating Statistics	99
J-18 School Building Information	100
J-19 Schedule of Required Maintenance	101
J-20 Insurance Schedule	101

K SINGLE AUDIT SECTION

K-1 Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	102
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	104
K-3 Schedule of Expenditures of Federal Awards, Schedule A (See Additional Information)	
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	106
K-5 Notes to Schedules of Awards and Financial Assistance	107
K-6 Schedule of Findings and Questioned Costs	109
K-7 Summary Schedule of Prior Audit Findings	111

(concluded)



INTRODUCTORY SECTION

**SHAMONG TOWNSHIP
BOARD OF EDUCATION**
295 INDIAN MILLS ROAD
SHAMONG, NEW JERSEY 08088-9513

Dolores Szymanski, Ed.D.
Interim Superintendent
Tel. 609-268-0120
Fax. 609-268-1229

Michael J. Mados, RSBA
School Business Administrator/
Board Secretary
Tel. 609-268-0316
Fax. 609-268-1229

August 17, 2012

Honorable President and
Members of the Board of Education
Shamong Township School District
Burlington County, New Jersey

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 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.

1) REPORTING ENTITY AND ITS SERVICES: Shamong Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement-14. All funds and account groups of the District are included in this report. The Shamong Township Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-school handicapped through 8. These include regular education as well as special education services. The following details the changes in the student enrollment of the District over the last ten years.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	900.8	-1.5%
2010-2011	914.5	-2.3%
2009-2010	935.7	1.3%
2008-2009	924.7	-2.7%
2007-2008	950.1	0%
2006-2007	950.1	-2.6%
2005-2006	975.9	+3.8%
2004-2005	940.4	+ .6%
2003-2004	935.0	+1.8%
2002-2003	918.1	+1.4%
2001-2002	905.1	-0.01%

2) ECONOMIC CONDITION AND OUTLOOK:

Shamong is located within the Pinelands Preservation area and development is highly regulated. The community's population has declined slightly. The community has not experienced an increase in businesses, therefore, there has been an increase in residential property taxes to support the school system. At present, there is no local purpose tax for the community.

Housing development is expected to continue for those areas already designated on the Master Plan. There is a need to attract some business and industry to broaden the tax base and give some relief to the homeowners. Shamong is a stable bedroom community and a desired place to reside.

The national economic conditions and state budget cuts have not changed the quality of education in the District.

3) MAJOR INITIATIVES

Academic: Students in the Shamong School District performed well on the state assessment – NJASK 3-8, and local MAP Testing.

Major initiatives in the area of instruction included: curriculum mapping, Responsive Classroom, MAP Testing, and a capital maintenance bond referendum. Collaborative plans have increased at both schools where two or more teachers work together in researching instructional techniques/strategies. Year four of the five-year Strategic Plan was successfully completed and the plan will continue for one more year.

Funding: The Shamong Foundation for Educational Excellence was formed early in the 2002-2003 school year. Several mini-grants were awarded to teachers over the past year, and the Foundation is currently raising funds for the upcoming school year. During the 2011-2012 school year, the Foundation funded several small projects. The Home and School Association continues to fund resources to teachers for items not included in the school budget.

Facilities: Due to decreasing budget revenues, the area of capital maintenance and facilities has been reduced significantly as funds are directed towards instruction and programs. As a result, capital maintenance/repairs were addressed in a September 29, 2009 Bond Referendum. The district was awarded 3 Safety Awards for a total of \$4,500. The construction from the September 29, 2009 Bond Referendum for renovations, site work, solar panels and windows was substantially completed by the end of September, 2010, with several minor projects completed from the remaining balance in the 2011-2012 school year.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The district completed the New Jersey State mandatory Standard Operating Procedures at the end of December, 2009. It expanded its personnel software to conform to the payroll/accounting system which was required due to the new accountability regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for capital improvements and are accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) 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 general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2011.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Sources	\$9,197,220	62.7%
State Sources	5,081,622	34.7%
Federal Sources	<u>383,390</u>	<u>2.6%</u>
Total	<u>\$14,662,232</u>	<u>100.00%</u>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2012.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Current Expense:		
Instruction	\$ 5,462,066	37.8%
Undistributed	7,348,717*	50.8%
Capital Outlay	353,523	2.4%
Special Revenues	284,527	2.0%
Debt Service	<u>1,011,440</u>	<u>7.0%</u>
Total	<u>\$14,460,273</u>	<u>100.00%</u>

*This figure includes \$422,543 for State reimbursement of TPAF social security and \$602,985 for State contributions to TPAF pensions, both of which are unbudgeted expenses and revenues.

8) DEBT ADMINISTRATION: At June 30, 2012 the District's outstanding debt issues included \$6,104,346 of general obligation bonds.

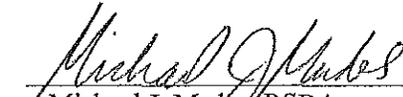
9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) RISK MANAGEMENT: The Board carried various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, and worker's compensation. The District participated in the Burlington County Insurance Pool Joint Insurance Fund for all line insurance during the 2011-2012 school year.

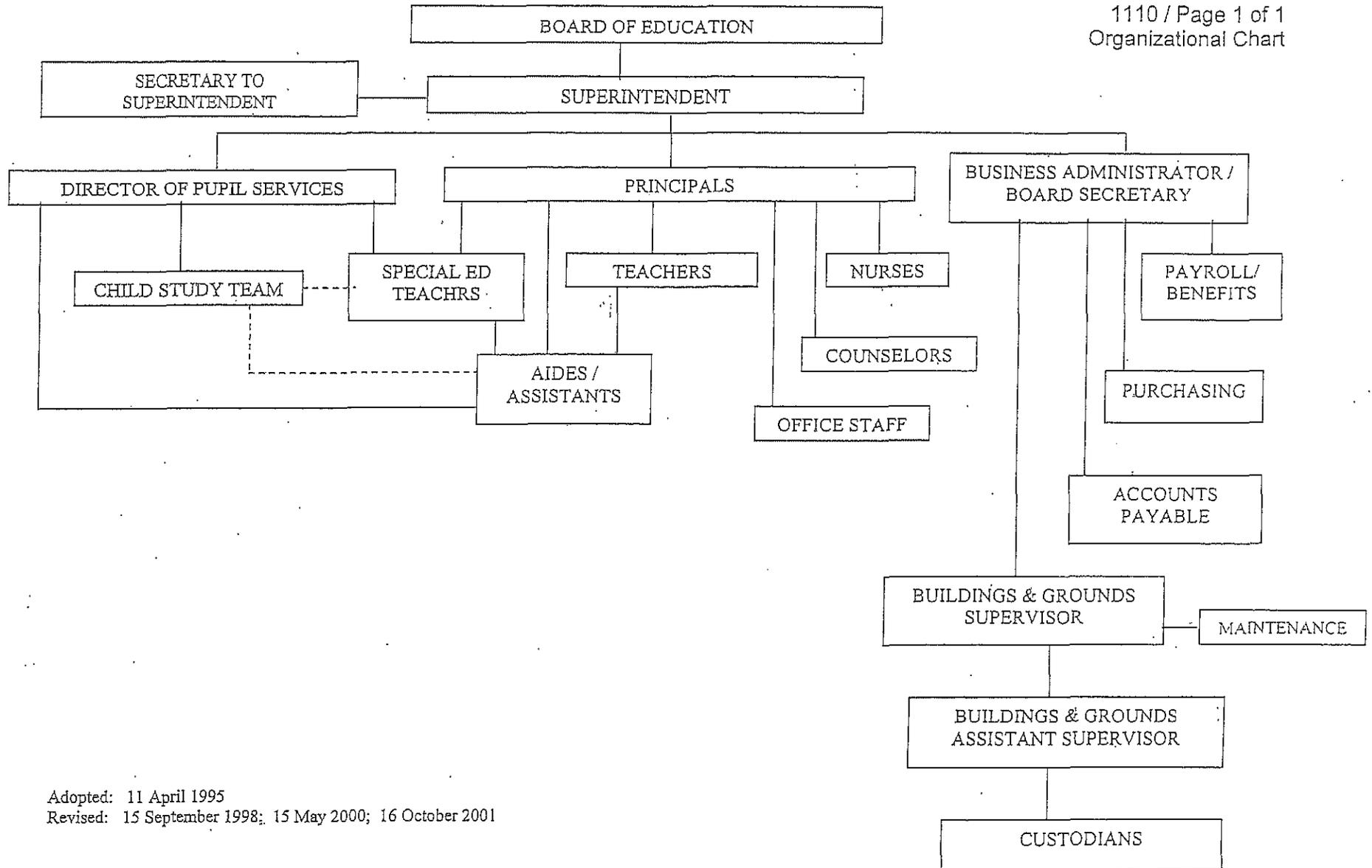
11) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia P.C. was appointed by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB's circular 04-04. The auditor's report on the basic financial statements and combined and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,


Dolores Szymanski, Ed.D.
Interim Superintendent


Michael J. Mados, RSBA
Business Administrator/Board Secretary

POLICY



Adopted: 11 April 1995
 Revised: 15 September 1998; 15 May 2000; 16 October 2001



SHAMONG TOWNSHIP BOARD OF EDUCATION

295 Indian Mills Road
Shamong, New Jersey 08088

ROSTER OF OFFICIALS

JUNE 30, 2012

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Melissa Ciliberti, President

2014

Karl Tower, Vice President

2013

Jeffrey Siedlecki

2013

Michael Tuman

2012

Gregory Vitagliano

2014

OTHER OFFICIALS

Dr. Dolores M. Szymanski, Interim Superintendent

Michael J. Mados, RSBA, Business Administrator/Board Secretary

Kathryn Taylor, Treasurer

Frank P. Cavallo, Jr., Solicitor

CONSULTANTS AND ADVISORS

INSURANCE BROKER

Burlington County JIF

AUDIT FIRM

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

ATTORNEY

Frank Cavallo
Parker McCay, P.A.
Three Greentree Centre
7001 Lincoln Drive West
P.O. Box 974
Marlton, New Jersey 08053-0974

OFFICIAL DEPOSITORY

Beneficial Bank
530 Walnut Street
Philadelphia, PA 19106

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Shamong Township School District
County of Burlington
Shamong, New Jersey 08088

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 Shamong Township School District, County of Burlington, State of New Jersey, as of and for the fiscal 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 Shamong Township School District, County of Burlington, 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 August 17, 2012, on our consideration of the Shamong Township 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.

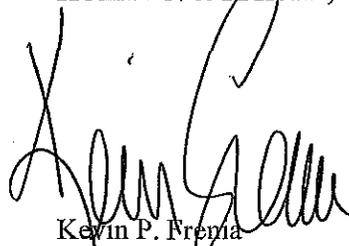
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 19 and 53 through 66 be presented to supplement the basic financial statements. Such information, although not a part 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 Shamong Township Board of Education's basic 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 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 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
August 17, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SHAMONG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

UNAUDITED

The discussion and analysis of the Shamong Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34-*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

Financial Highlights

Key financial highlights for 2011/2012 are as follows:

- For the ninth consecutive year, the final payment of state aid to school districts was delayed until the next fiscal year. The payment was received in July 2012 in the amount of \$369,052. These funds supported the General Fund and Special Revenue Fund revenues.
- The Board of Education voted to approve the 2012/2013 school year budget instead of holding the annual school election in April 2012 as the budget was within the cap guidelines set by the state.
- The Shamong Foundation for Educational Excellence continued funding mini-grants to teachers.

Using This Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Shamong Township School District as a financial whole; an entire operating entity. The statements then proceed to provide an increasingly detailed look at the financial activities of each fund. In addition, this report contains other supplementary and statistical information.

Reporting the School District as a Whole (Government-wide Financial Statements)

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and Statement of Activities provides information about the activities of the whole school district, presenting both an aggregate view of the school district's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental activities and business-type activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the school district's individual funds

with all funds presented. In the case of the Shamong Township School District, the General Fund is by far the most significant fund. The governmental activities are mainly supported by taxes and intergovernmental revenues, while the business-type activities are intended to recover all or a significant portion of their costs through user fees and charges.

While this document contains all of the funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities answers this question. The Statement of Net Assets includes all assets and liabilities, while the Statement of Activities shows the cost of program services and the charges for those services and the grants offsetting those services. They use the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting includes all of the current year's revenues and expenses regardless of when the timing of the related cash is received or paid.

These two statements report the School District's net assets and changes to those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial position of the school district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the school district's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

Governmental Activities – These activities report on the School District's programs and services including instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities, grant programs, and capital outlay. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and the Debt Service Fund.

Business Type Activities – These activities provide for a charge for goods or services to recover the expenses of the goods and services provided. The Food Service operation is reported here.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's activities that are segregated for specific activities or objectives. The School District uses many funds to account for a multitude of financial transactions. These funds are divided into three categories: Governmental, Proprietary and Fiduciary Funds.

Governmental Funds

The School District maintains four individual governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between

governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. The School District adopts an annual appropriated budget for its general, special revenue and debt service funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with these budgets.

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

Proprietary Funds

The school district maintains one proprietary fund, which consists of an enterprise fund that reports on the food service operation. This fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The basic proprietary fund financial statements can be found in Exhibits B-4 through B-6 of this report.

Fiduciary Funds

The school district's fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the school district's activities. The accounting method used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in Exhibits B-7 through B-8 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 to 52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents statistical and single audit information and schedules relative to the school district and/or its serving community.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for fiscal year 2012.

Table 1

Net Assets

BOARD OF EDUCATION
TOWNSHIP OF SHAMONG, COUNTY OF BURLINGTON
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental	Business- Type	TOTALS	
	Activities	Activities	2012	2011
Assets:				
Current & Other Assets	\$1,823,398	33,830	1,857,228	1,654,019
Capital Assets	13,211,342	34,670	13,246,012	13,677,234
Total Assets	15,034,740	68,500	15,103,240	15,331,253
Liabilities:				
Long-Term Liabilities Outstanding	6,557,137		6,557,137	7,329,824
Other Liabilities	116,524	2,520	119,044	121,319
Total Liabilities	6,673,661	2,520	6,676,181	7,451,143
Net Assets				
Invested in Capital Assets, Net of				
Related Debt	7,428,613	34,670	7,463,283	7,449,319
Restricted	1,580,710		1,580,710	999,371
Unrestricted	(648,244)	31,310	(616,934)	(568,580)
Total Net Assets	\$8,361,079	65,980	8,427,059	7,880,110

As noted earlier, the District's net assets may serve over time as a useful indicator of a government's financial position. The largest portion of the District's net assets (88.6 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide the educational programs; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (18.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

Table 2 shows changes in net assets for fiscal year 2012.

Table 2
Changes in Net Asset Activities

BOARD OF EDUCATION
TOWNSHIP OF SHAMONG, COUNTY OF BURLINGTON
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Governmental Activities	Business- Type Activities	Total
General Revenues:			
Property Taxes, Levied For General Purposes	\$8,926,550	-	8,926,550
Federal/State Aid Not Restricted	5,180,485		5,180,485
Other Revenues	555,197	250,807	806,004
Total revenues	<u>14,662,232</u>	<u>250,807</u>	<u>14,913,039</u>
Expenses:			
Instruction Services	5,652,764	-	5,652,764
Support Services	7,411,218	-	7,411,218
Interest on Long-Term Debt	278,974	-	278,974
Other Expenses	764,313		764,313
Food Service Operations		258,821	258,821
Total Expenses	<u>14,107,269</u>	<u>258,821</u>	<u>14,366,090</u>
Change in Net Assets	554,963	(8,014)	546,949
Net Assets, July 1,	7,806,116	73,994	7,880,110
Net Assets, June 30,	<u>\$ 8,361,079</u>	<u>\$ 65,980</u>	<u>\$ 8,427,059</u>

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. The District's total governmental activities revenues were \$14,662,232 for the year ended June 30, 2012.

Revenues by Source - Governmental Funds

Property Taxes, Levied For General Purposes	62%
Federal/State Aid Not Restricted	36%
Other Revenues	<u>2%</u>
Total	<u>100%</u>

EXPENSES - GOVERNMENTAL FUNDS

Instruction Services	40%
Support Services	53%
Interest on Long-Term Debt	2%
Other Expenses	<u>5%</u>
Total	<u>100%</u>

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements. Business-Type expenses exceeded revenues by \$8,014.

The School District's Funds

Governmental funds (i.e. general fund, special revenue fund, capital projects fund, and debt service fund) presented in the fund-based statements, are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$14,662,232 and expenditures were \$14,460,273. The net change in overall fund balance for the year was an increase of \$201,959.

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. Table 3 presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012 and the amount and percentage of increases and decreases in relation to prior year revenues.

Table 3
Revenues of the Governmental Funds

<u>Revenues</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase/ (Decrease) From 2011</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 8,926,550	61%	\$160,633	2%
State/Federal Sources	5,465,012	37%	445,207	9%
Other Revenues	<u>270,670</u>	<u>2%</u>	<u>83,923</u>	47%
 Total	 <u>\$14,662,232</u>	 <u>100.00%</u>	 <u>689,763</u>	

The increase in local revenue was due to a tax increase to fund the additional expenditures of the school district associated with an increase in higher operating costs. State revenues to support district operations increased by 9% from the previous year. Increases in State TPAF pension and social security contributions (non-budgeted revenues) increased. Other revenues increased due to additional revenue from the sale of SRECs provided by the solar panel operation.

Table 4 represents a summary of the combined general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts.

Table 4
Expenditures of the Governmental Funds

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2011</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$5,652,764	39%	\$321,204	6%
Undistributed	7,442,546	51%	95,900	1%
Capital Outlay	353,523	3%	(1,351,874)	(79%)

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2011</u>	<u>Percent of Increase/ (Decrease)</u>
Debt Service:				
Principal	745,000	5%	120,000	19%
Interest	266,440	2%	63,683	31%
Total	<u>\$14,460,273</u>	<u>100.00%</u>	<u>(\$751,087)</u>	

Changes in expenditures were the result of varying factors. Current expense increased due to salary increases, increases in health benefit costs and utility costs. Capital outlay increased due to completion of building improvement projects financed with bond proceeds. Debt service changed in accordance with the bond amortization schedule.

GENERAL FUND BUDGETING HIGHLIGHTS

The School District's budget is prepared in accordance with New Jersey law, and is based on accounting for certain transactions on a cash basis of receipts, disbursements and encumbrances. The most significant fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions include expenditures for Instruction, Special Education and the Operation and Maintenance of Plant Facilities. The details of individual program budget revisions are reflected in Exhibit C-1 of the CAFR.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Support services include tuition paid to out of district schools, health and library services, instruction related services, and the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business operations include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

FUND BALANCES

Table 5 shows a comparison of the fund balances in each of the District's Governmental and Business-type activities funds.

**Table 5
Changes in Fund Balances**

	June 30, 2012	June 30, 2011	Difference
Governmental Funds:			
General Fund	\$1,498,998	\$965,897	\$533,101
Capital Projects Fund	\$ 321,603	\$652,740	(\$331,137)
Business-type Activities:			
Food Service Enterprise Fund	\$ 65,980	\$ 73,994	(\$8,014)

The \$533,101 increase in General Fund balance is due to the increase in revenue over expenses. The decrease in the Capital Projects fund is due to the spending of funds for projects which were previously approved by the voters.

CAPITAL ASSETS

At the end of the fiscal year 2012, the School District had \$21,583,977 invested in land, buildings, furniture, equipment, and vehicles. Table 6 shows fiscal year 2012 balances compared to 2011. (Depreciation not in the Schedule below)

**Table 6
Capital Assets at June 30**

	<u>2012</u>	<u>2011</u>
Land	\$1,068,766	\$1,068,766
Site and Building	17,117,633	17,117,633
Machinery and Equipment	1,215,046	1,154,388
Construction in Progress	2,182,532	1,907,087
Total	<u>\$21,583,977</u>	<u>\$21,247,874</u>

Land and Construction-in-Progress are not depreciated.

Additional information on the District's capital assets can be found in Note 6 of the basic financial statements.

DEBT ADMINISTRATION

In the governmental funds, at June 30, 2012, the School District had \$6,557,137 of outstanding debt. Of this amount \$433,111 is for compensated absences, \$3,823,000 for Serial Bonds dated 3/1/2003, \$372,346 for school bonds issued on 6/21/2007, \$1,909,000 for school bonds issued on 8/26/12 and \$19,680 for Post-Retirement Benefits Payable.

There was no debt outstanding in the business-type activities funds.

State statutes limit the amount of general obligation debt a governmental entity may issue. The District's limit is 3 percent of its equalized valuation basis. The current debt limitation for the District is \$17,003,297, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in note 7 in the notes to the basic financial statements.

For the Future

It is the opinion of the Superintendent and School Business Administrator that the Shamong Township School District is presently in good financial condition. The School District is proud of its community support, the support of the Home & School Association and the Shamong Foundation for Educational Excellence.

Shamong Township is primarily a rural, residential community with very few commercial ratables; thus it becomes the responsibility of homeowners to foot the majority of the tax burden. The lack of adequate state and federal revenues has resulted in increased property taxes. This has resulted in our budgets being defeated in five out of the last ten years.

In conclusion, the Shamong Township School District has committed itself to financial excellence for many years. The School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report or if addition information is needed, kindly contact Mr. Michael J. Mados, RSBA, School Business Administrator/Board Secretary, at the Shamong Board of Education, 295 Indian Mills Road, Shamong, NJ 08088.



BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

SHAMONG TOWNSHIP BOARD OF EDUCATION
DISTRICT-WIDE 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
				(MEMORANDUM ONLY)
Cash & Cash Equivalents	\$1,309,226	20,526	1,329,752	959,372
Receivables, Net	514,172	11,456	525,628	692,326
Inventory		1,848	1,848	2,321
Capital Assets, Net (Note 6)	13,211,342	34,670	13,246,012	13,677,234
Total Assets	15,034,740	68,500	15,103,240	15,331,253
LIABILITIES				
Accrued Interest	76,945		76,945	81,831
Deferred Revenue	2,783	2,520	5,303	
Bond Anticipation Note Payable				
Unamortized Bond Premium	36,796		36,796	39,488
Noncurrent Liabilities (Note 7):				
Due Within One Year	785,000		785,000	776,328
Due Beyond One Year	5,772,137		5,772,137	6,553,496
Total Liabilities	6,673,661	2,520	6,676,181	7,451,143
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	7,428,613	34,670	7,463,283	7,449,319
Restricted For:				
Other Purposes	241,000		241,000	281,000
Excess Surplus	1,339,710		1,339,710	718,371
Unrestricted	(648,244)	31,310	(616,934)	(568,580)
Total Net Assets	\$8,361,079	65,980	8,427,059	7,880,110

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

SHAMONG TOWNSHIP BOARD OF EDUCATION
DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
						(MEMORANDUM ONLY)	
					JUNE 30, 2012	JUNE 30, 2011	
Governmental Activities:							
Instruction:							
Regular	\$3,921,874			(3,921,874)	(3,921,874)	(3,764,211)	
Special Education	1,472,381		190,698	(1,281,683)	(1,281,683)	(1,186,479)	
Other Special Instruction	170,328			(170,328)	(170,328)	(165,951)	
Other Instruction	88,181			(88,181)	(88,181)	(89,890)	
Support Services & Undistributed Costs:							
Tuition	15,034			(15,034)	(15,034)	(24,476)	
Health Services	146,248			(146,248)	(146,248)	(140,331)	
Student & Instruction Related Services	778,810			(778,810)	(778,810)	(755,930)	
Educational Media Services/School Library	184,202			(184,202)	(184,202)	(219,493)	
School Administrative Services	530,672		91,828	(438,844)	(438,844)	(418,449)	
Other Administrative Services	279,196			(279,196)	(279,196)	(351,379)	
Central Services	258,879			(258,879)	(258,879)	(248,438)	
Plant Operations & Maintenance	1,021,161			(1,021,161)	(1,021,161)	(1,088,629)	
Pupil Transportation	633,392			(633,392)	(633,392)	(576,014)	
Unallocated Benefits	3,563,624		2,001	(3,561,623)	(3,561,623)	(3,335,490)	
Interest on Long Term Debt	278,974			(278,974)	(278,974)	(277,282)	
Amortization of Bond Premium	(2,692)			2,692	2,692		
Recording of Unamortized Bond Premium						(39,488)	
Increase/(Decrease) in Compensated							
Absences - Unallocated	3,641			(3,641)	(3,641)	31,793	
Unallocated Depreciation	763,364			(763,364)	(763,364)	(649,482)	
Total Governmental Activities	14,107,269		284,527	(13,822,742)	(13,822,742)	(13,299,619)	

**SHAMONG TOWNSHIP BOARD OF EDUCATION
DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS						
	PROGRAM REVENUES			TOTALS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2012	JUNE 30, 2011 (MEMORANDUM ONLY)
Business-Type Activities:							
Food Service	258,821	178,804	64,404		(15,613)	(15,613)	(3,153)
Total Business-Type Activities	258,821	178,804	64,404		(15,613)	(15,613)	(3,153)
Total Primary Government	\$14,366,090	178,804	348,931	(13,822,742)	(15,613)	(13,838,355)	(13,302,772)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				8,926,550		8,926,550	8,765,917
Federal & State Aid Not Restricted				5,180,485		5,180,485	4,711,979
Tuition				54,019		54,019	4,965
Miscellaneous Income				216,651	7,599	224,250	183,539
Total General Revenues, Special Items, Extraordinary Items & Transfers				14,377,705	7,599	14,385,304	13,666,400
Change In Net Assets				554,963	(8,014)	546,949	363,628
Net Assets - Beginning				7,806,116	73,994	7,880,110	7,516,482
Net Assets - Ending				\$8,361,079	65,980	8,427,059	7,880,110

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

B. Fund Financial Statements



Governmental Funds



**SHAMONG TOWNSHIP BOARD OF EDUCATION BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012**

(With Comparative Totals for June 30, 2011)

ASSETS	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTALS	
					JUNE 30, 2012	JUNE 30, 2011
Cash & Cash Equivalents	\$1,329,691		9,283	14	1,338,988	1,145,056
Accounts Receivable:						
Intergovernmental - State	50,876		312,320		363,196	449,931
Intergovernmental - Federal		39,775			39,775	216,029
Intergovernmental - Other	111,201				111,201	19,913
Interfund	7,230				7,230	7,230
Total Assets	\$1,498,998	39,775	321,603	14	1,860,390	1,838,159
LIABILITIES & FUND BALANCES						
Liabilities:						
Cash Deficit		29,762			29,762	212,273
Interfund Payables		7,230			7,230	7,230
Deferred Revenue		2,783			2,783	
Total Liabilities		39,775			39,775	219,503
Fund Balances:						
Restricted for:						
Emergency Reserve	\$196,000				196,000	196,000
Maintenance Reserve	45,000				45,000	85,000
Capital Projects			309,818		309,818	513,819
Debt Service				14	14	19
Excess Surplus	777,246				777,246	562,464
Excess Surplus Designated for Subsequent Year's Expenditures	562,464				562,464	155,907
Committed to:						
Other Purposes			11,785		11,785	138,921
Unassigned Fund Balance	(81,712)				(81,712)	(33,474)
Total Fund Balances	1,498,998		321,603	14	1,820,615	1,618,656
Total Liabilities & Fund Balances	\$1,498,998	39,775	321,603	14		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,583,977 and the accumulated depreciation is \$8,372,635.	13,211,342	13,638,603
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(76,945)	(81,831)
Net Unamortized Bond Costs, Premiums and Loss on Early Retirement of Debt	(36,796)	(39,488)
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 (see Illustrative Note 7 & 15)	(6,557,137)	(7,329,824)
Net Assets of Governmental Activities	\$8,361,079	7,806,116

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

**SHAMONG TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL 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	\$8,030,196			896,354	8,926,550	8,765,917
Tuition	54,019				54,019	4,965
Miscellaneous	166,621	50,030			216,651	181,782
Total Revenues - Local Sources	8,250,836	50,030		896,354	9,197,220	8,952,664
State Sources	5,006,541			75,081	5,081,622	4,729,187
Federal Sources	148,893	234,497			383,390	290,618
Total Revenues	13,406,270	284,527		971,435	14,662,232	13,972,469
Expenditures:						
Current Expense						
Instruction - Regular Programs	3,921,874				3,921,874	3,764,211
Special Education	1,281,683	190,698			1,472,381	1,311,508
Other Special Instruction	170,328				170,328	165,951
Other Instruction	88,181				88,181	89,890
Support Services:						
Tuition	15,034				15,034	24,476
Health Services	146,248				146,248	140,331
Student & Instruction Related Services	778,810				778,810	755,930
Educational Media Services/School Library	215,530				215,530	249,703
School Administrative Services	438,844	91,828			530,672	598,470
Other Administrative Services	279,196				279,196	351,379
Central Services	258,879				258,879	248,438
Plant Operations & Maintenance	1,021,161				1,021,161	1,063,639
Pupil Transportation	633,392				633,392	576,014
Employee Benefits	3,561,623	2,001			3,563,624	3,338,266
Capital Outlay	62,386		291,137		353,523	1,705,397
Debt Service:						
Principal				745,000	745,000	625,000
Interest & Other Charges				266,440	266,440	202,757
Total Expenditures	12,873,169	284,527	291,137	1,011,440	14,460,273	15,211,360
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	533,101		(291,137)	(40,005)	201,959	(1,238,891)
Other Financing Sources/(Uses):						
Food Services:						
Transfer to Cover Deficit						(3,000)
Bond Proceeds						1,999,000
Operating Transfers In				40,000	40,000	41,513
Operating Transfers Out				(40,000)	(40,000)	(41,513)
Total Other Financing Sources/(Uses)			(40,000)	40,000		1,996,000
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other	533,101		(331,137)	(5)	201,959	757,109
Financing Uses	965,897		652,740	19	1,618,656	861,547
Fund Balance - July 1						
Fund Balance - June 30	\$1,498,998	-	321,603	14	1,820,615	1,618,656

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

**SHAMONG TOWNSHIP 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
(With Comparative Totals for June 30, 2011)**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$201,959

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	(\$763,364)	
Capital Outlays	<u>336,103</u>	(427,261)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 745,000

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Accrued Interest Prior Year	81,831	
Accrued Interest Current Year	<u>(76,945)</u>	4,886

Government funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the Treatment of long-term debt and related activities.

Amortization of Bond Premium		2,692
------------------------------	--	-------

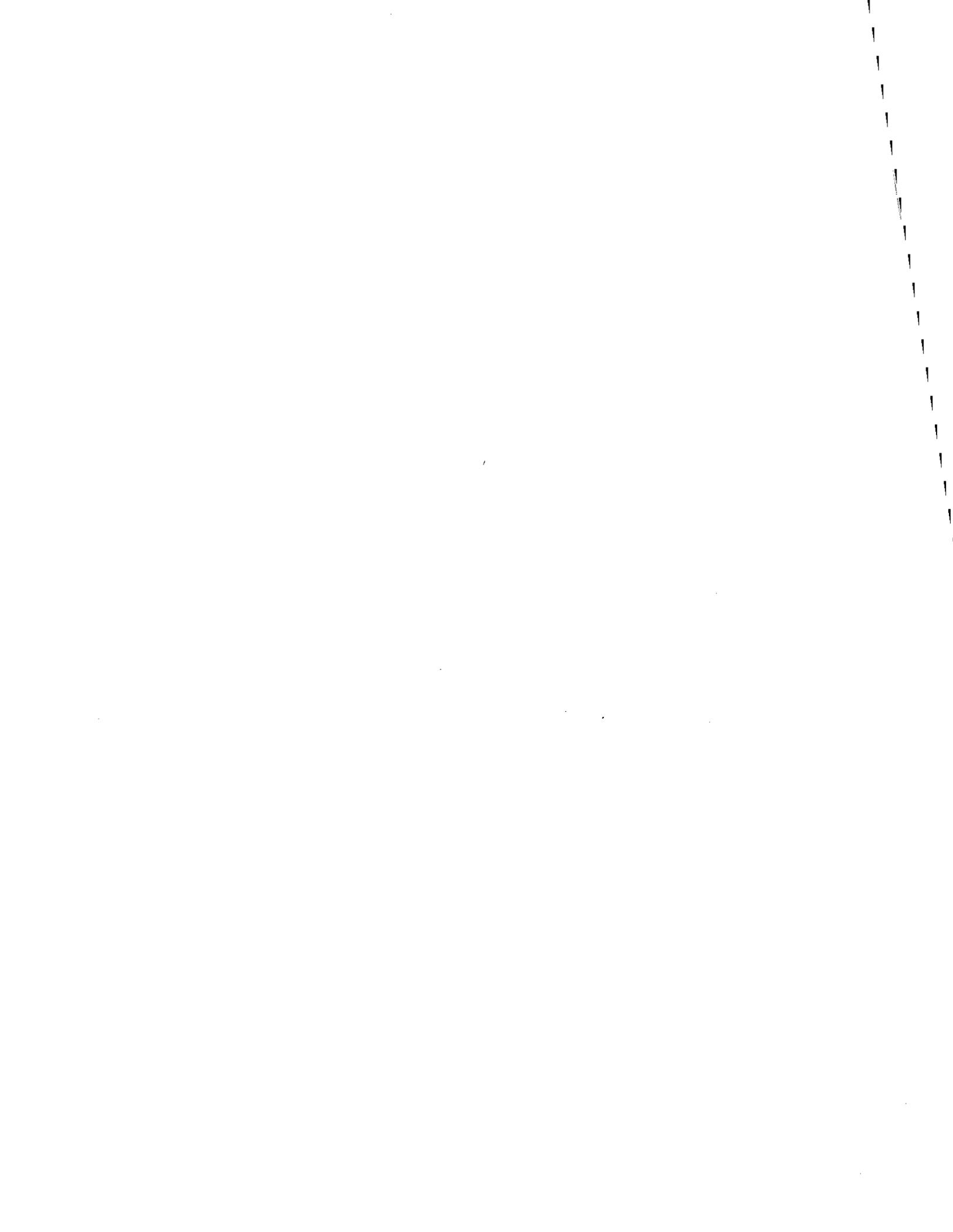
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 31,328

Increase of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Current Year	(433,111)	
Prior Year	<u>429,470</u>	(3,641)

Change in Net Assets of Governmental Activities \$554,963

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



Proprietary Funds



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

ASSETS	BUSINESS-TYPE	TOTALS	
	ACTIVITIES - ENTERPRISE FUNDS	(MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2012	JUNE 30, 2011
Current Assets:			
Cash & Cash Equivalents	\$20,526	20,526	26,589
Accounts Receivable:			
State	134	134	370
Federal	6,157	6,157	6,083
Other	5,165	5,165	
Inventories	1,848	1,848	2,321
Total Current Assets	33,830	33,830	35,363
Noncurrent Assets:			
Equipment	55,025	55,025	55,025
Less: Accumulated Depreciation	(20,355)	(20,355)	(16,394)
Total Fixed Assets	34,670	34,670	38,631
Total Assets	68,500	68,500	73,994
LIABILITIES			
Deferred Revenue	2,520	2,520	
Total Liabilities	2,520	2,520	
NET ASSETS			
Investment in Capital Assets	34,670	34,670	38,631
Unrestricted	31,310	31,310	35,363
Total Net Assets	\$65,980	65,980	73,994

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

**SHAMONG TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE		
	FUNDS	TOTALS	
	FOOD SERVICE	JUNE 30, 2012	JUNE 30, 2011
		(MEMORANDUM ONLY)	
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$137,193	137,193	151,703
Daily Sales - Nonreimbursable Programs	41,611	41,611	42,607
Miscellaneous	7,132	7,132	1,395
Total Operating Revenue	185,936	185,936	195,705
Operating Expenses:			
Salaries & Benefits	119,535	119,535	117,866
Miscellaneous Expenses	10,960	10,960	4,010
Management Fee	17,685	17,685	17,254
Supplies and Materials	7,636	7,636	11,476
Depreciation	3,961	3,961	4,257
Cost of Sales	99,044	99,044	99,968
Total Operating Expenses	258,821	258,821	254,831
Operating Income/(Loss)	(72,885)	(72,885)	(59,126)
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	2,834	2,834	3,156
Federal Sources:			
National School Lunch Program	43,605	43,605	38,614
Food Distribution Program	17,965	17,965	15,598
Total Nonoperating Revenues/(Expenses)	64,404	64,404	57,368
Net Income/(Loss) Before Other Financing Sources/(Uses)	(8,481)	(8,481)	(1,758)
Other Financing Sources/(Uses):			
Board Contribution			3,000
Interest Revenue - Board Contribution	467	467	362
Total Other Financing Sources/Uses	467	467	3,362
Net Income/(Loss)	(8,014)	(8,014)	1,604
Total Net Assets - Beginning	73,994	73,994	72,390
Total Net Assets - Ending	\$65,980	65,980	73,994

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

**SHAMONG TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

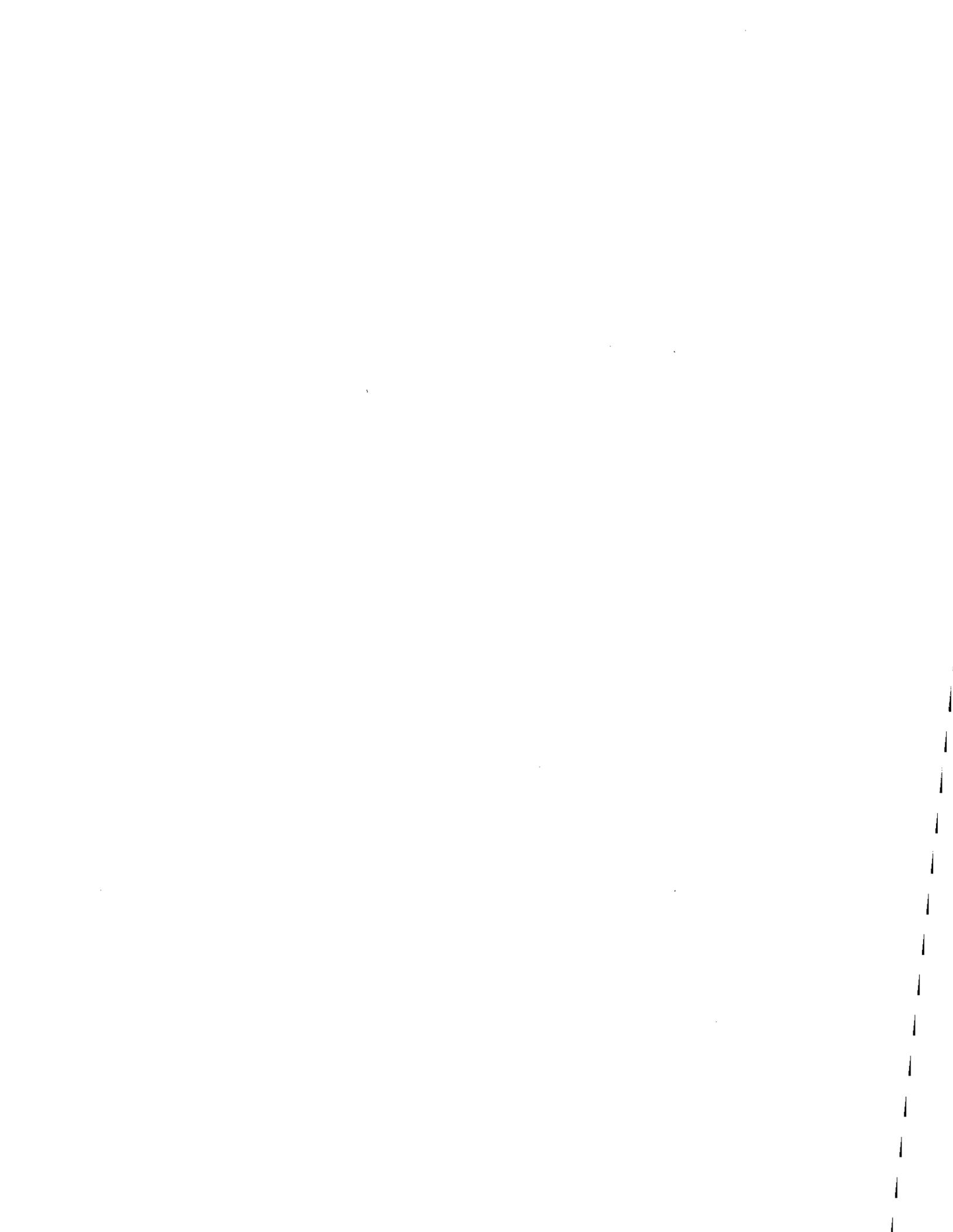
	BUSINESS-TYPE ACTIVITIES -		
	ENTERPRISE FUNDS	TOTALS	
	FOOD SERVICE	JUNE 30, 2012	JUNE 30, 2011
		(MEMORANDUM ONLY)	
Cash Flows From Operating Activities:			
Receipts from Customers	\$183,291	183,291	195,705
Payments to Employees	(119,535)	(119,535)	(117,866)
Payments to Suppliers	(134,852)	(134,852)	(128,814)
Net Cash Provided by/(Used) by Operating Activities	<u>(71,096)</u>	<u>(71,096)</u>	<u>(50,975)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	3,070	3,070	3,134
Federal Sources	61,496	61,496	55,879
Board Contributions & Transfers			3,000
Net Cash Provided by/(Used) by Noncapital Financing Activities	<u>64,566</u>	<u>64,566</u>	<u>62,013</u>
Cash Flows From Investing Activities:			
Interest & Dividends	467	467	362
Net Cash Provided by/(Used) by Investing Activities	<u>467</u>	<u>467</u>	<u>362</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(6,063)	(6,063)	11,400
Balances - Beginning of Year	<u>26,589</u>	<u>26,589</u>	<u>15,189</u>
Balances - End of Year	<u>\$20,526</u>	<u>20,526</u>	<u>26,589</u>

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

Operating Income/(Loss)	(\$72,885)	(72,885)	(59,126)
Adjustments to Reconcile Operating Income/Loss to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	3,961	3,961	4,257
(Increase)/Decrease in Other A/R	(5,165)	(5,165)	
Increase/(Decrease) in Deferred Revenue	2,520	2,520	
(Increase)/Decrease in Inventories	473	473	3,894
Total Adjustments	<u>1,789</u>	<u>1,789</u>	<u>8,151</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$71,096)</u>	<u>(71,096)</u>	<u>(50,975)</u>

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

Fiduciary Fund



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

ASSETS	AGENCY		PRIVATE PUPOSE	TOTALS	
	STUDENT ACTIVITY	PAYROLL	UNEMPLOYMENT COMPENSATION TRUST	JUNE 30, 2012	JUNE 30, 2011
Cash & Cash Equivalent	\$52,312	6,070	124,592	182,974	162,352
Total Assets	52,312	6,070	124,592	182,974	162,352
LIABILITIES					
Payroll Withholdings		6,070		6,070	1,511
Due to Student Groups	52,312			52,312	24,377
Total Liabilities	52,312	6,070		58,382	25,888
NET ASSETS					
Reserve for Unemployment Compensation			124,592	124,592	136,464
Total Net Assets	-	-	124,592	124,592	136,464

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

**SHAMONG TOWNSHIP 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	TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
ADDITIONS			
Contributions:			
Plan Members			13,647
Total Contributions			13,647
Investment Earnings:			
Interest	\$1,628	1,628	1,577
Net Investment Earnings	1,628	1,628	1,577
Total Additions	1,628	1,628	15,224
DEDUCTIONS			
Unemployment Claims	13,500	13,500	3,455
Total Deductions	13,500	13,500	3,455
Change in Net Assets	(11,872)	(11,872)	11,769
Net Assets - Beginning of the Year	136,464	136,464	124,695
Net Assets - End of the Year	\$124,592	124,592	136,464

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

**SHAMONG TOWNSHIP
BOARD OF EDUCATION**

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

SHAMONG TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Shamong Township 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, 2003, 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*; Statement 44 – *Economic Condition Reporting – The Statistical Section*; Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* 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 Shamong Township Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The operations of the District include two elementary schools located in Shamong Township. The Shamong Township Board of Education has an approximate enrollment at June 30, 2012 of 901 Students.

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

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the District holds the corporate powers of the organization
- ◆ the District appoints a voting majority of the organization’s board

SHAMONG TOWNSHIP BOARD OF EDUCATION

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

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

A. Reporting Entity (continued):

- ◆ 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

SHAMONG TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

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

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

SHAMONG TOWNSHIP 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 Shamong Township 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.

SHAMONG TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

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

Proprietary Fund (continued):

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

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.

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	15 Years
Light Trucks & Vehicle	7 Years
Heavy Trucks & Vehicle	7 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 an Unemployment 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.,

SHAMONG TOWNSHIP BOARD OF EDUCATION

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

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

E. Basis of Accounting (continued):

revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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 Shamong Township 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 Shamong Township 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. Effective January 17, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.

SHAMONG TOWNSHIP 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):

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. 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 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	\$13,433,422	\$284,527
State aid payment recognized for GAAP statements in the current year, previously recognized	368,900	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(396,052)</u>	<u> </u>

SHAMONG TOWNSHIP 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):

	General Fund	Special Revenue Fund
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$13,406,270</u>	<u>\$284,527</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$12,873,169</u>	<u>\$284,527</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$12,873,169</u>	<u>\$284,527</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 Shamong Township 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 & 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.

SHAMONG TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

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

H. Cash & 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

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. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

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.

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 Shamong Township Board of Education and that are due within one year.

SHAMONG TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

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

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
Infrastructure	30 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, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no 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.

SHAMONG TOWNSHIP 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 funds 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

Shamong Township Board of Education has evaluated subsequent events occurring after June 30, 2012 through the date of August 17, 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 and investments held at June 30, 2012, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$1,512,726</u>
Total Deposits	<u>\$1,512,726</u>

SHAMONG TOWNSHIP BOARD OF EDUCATION

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

Note 2. Cash and Cash Equivalents (continued):

Type	Carrying Value
The District's Cash and Cash Equivalents are Reported as Follows:	
Governmental Activities	\$1,309,226
Business-Type Activities	20,526
Fiduciary Funds	<u>182,974</u>
 Total Cash and Cash Equivalents	 <u>\$1,512,726</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$1,712,775 at June 30, 2012. Of the bank balance \$250,000 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$1,462,775 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

Note 3. 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 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

SHAMONG TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

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.

Note 4. Capital Reserve Account

A capital reserve account was established by the Shamong Township Board of Education by inclusion of \$100,000 in the original 1995-1996 annual capital outlay budget, which was certified for taxes, 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

SHAMONG TOWNSHIP BOARD OF EDUCATION

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

Note 4. Capital Reserve Account (continued):

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 LRF. The balance of the capital reserve account at June 30, 2012 is \$-0-.

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2012, the District transferred \$5,180 to the capital outlay accounts.

Note 6. Fixed Assets

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

	June 30, 2011	Additions	Deletions	June 30, 2012
Land	\$ 1,068,766		\$ -	\$ 1,068,766
Site & Buildings	17,117,633			17,117,633
Machinery & Equipment	1,154,388	\$ 60,658		1,215,046
Construction in Progress	1,907,087	275,445		2,182,532
Subtotal	21,247,874	336,103		21,583,977
Accumulated Depreciation	<u>(7,609,271)</u>	<u>(763,364)</u>		<u>(8,372,635)</u>
Total	<u>\$13,638,603</u>	<u>\$(427,261)</u>	<u>\$ -</u>	<u>\$13,211,342</u>

The following schedule is a summary of the proprietary fund type fixed assets at June 30, 2012:

	Balance as of June 30, 2011	Additions	Balance as of June 30, 2012
Machinery & Equipment	\$55,025		\$55,025
Less: Depreciation	<u>(16,394)</u>	<u>\$(3,961)</u>	<u>(20,355)</u>
Total	<u>\$38,631</u>	<u>\$(3,961)</u>	<u>\$ 34,670</u>

SHAMONG TOWNSHIP BOARD OF EDUCATION

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

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	Accrued/ Increases	Retired/ Decreases	Balance 6/30/12	Due Within One Year
Compensated Absences Payable	\$ 429,470	\$3,641		\$ 433,111	
Post-Retirement Benefits Payable	19,680			19,680	
Bonds Payable	6,849,346		\$(745,000)	6,104,346	\$785,000
Obligations Under Capital Leases	31,328		(31,328)		
Total	<u>\$7,329,824</u>	<u>\$3,641</u>	<u>\$(776,328)</u>	<u>\$6,557,137</u>	<u>\$785,000</u>

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 Board are general obligation bonds.

Bonds Payable:

On March 1, 2003, the Board of Education issued \$5,498,000 of bonds, with varying interest rates from 3.375% to 3.600%, to provide funds for the renovations, additions and conversions to both the Indian Mills School and the Indian Mills Memorial School.

On June 21, 2007, the Board of Education issued \$757,346 of Noncallable Serial Bonds to provide for roof repairs and a fire alarm system at the Indian Mills Memorial School and a partial roof replacement at the Indian Mills Middle School.

On August 26, 2010, the Board of Education issued \$1,999,000 of Non Callable bonds, with varying interest rates from 3.000% to 3.500%, of which \$1,200,000 was used to pay off a Temporary Note and \$799,000 was used to provide funds for the improvements, renovations, site work and installation of solar energy panels to both the Indian Mills School and the Indian Mills Memorial School. The Board of Education also received an additional \$41,731.53 that was intended to provide funds for the payment of certain costs and expenses incurred by the Issuer in connection with the authorization, issuance and delivery of the Bonds, consisting of underwriter are spread on the Bonds.

Summary of principal and interest due on bonded debt outstanding is as follows:

SHAMONG TOWNSHIP BOARD OF EDUCATION

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

Note 7. Long-Term Debt (continued):

Year-ending June 30,	Principal	Interest	Total
2013	\$ 785,000	\$208,255	\$ 993,255
2014	825,000	179,655	1,004,655
2015	862,346	149,629	1,011,975
2016	760,000	121,399	881,399
2017	790,000	95,134	885,134
2018-2022	1,393,000	195,562	1,589,562
2023-2026	689,000	47,903	736,903
Total	<u>\$6,104,346</u>	<u>\$998,535</u>	<u>\$7,102,881</u>

C. Operating Leases

At June 30, 2012, the School District had operating lease agreements in effect for four copiers. Total operating lease payments made during the year ended June 30, 2012 and 2011 were \$12,097 and \$16,410 respectively.

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.

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,

SHAMONG TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

Note 8. Pension Plans (continued):

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 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

SHAMONG TOWNSHIP BOARD OF EDUCATION

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

Note 8. Pension Plans (continued):

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. The rate will increase over the next seven years to 7.5%. 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	\$152,440	100%	\$ -0-
6/30/11	147,172	100%	-0-
6/30/10	109,929	100%	-0-

Three-Year Trend Information for TPAF (Paid on behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$602,985	100%	\$ -0-
6/30/11	415,794	100%	-0-
6/30/10	402,162	100%	-0-

SHAMONG TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

Note 8. Pension Plans (continued):

During the year ended June 30, 2012 the State of New Jersey contributed \$602,985 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 \$152,440 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.

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

SHAMONG TOWNSHIP BOARD OF EDUCATION

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

Note 10. Risk Management (continued):

amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Interest	Claims	Ending Balance
2011-2012	\$ -0-	\$1,628	\$13,500	\$124,592
2010-2011	13,647	1,577	3,455	136,464
2009-2010	1,650	854		124,695

Note 11. GASB #54 – Fund Balance Disclosures

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Shamong Board of Education 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 \$1,498,998 General Fund fund balance at June 30, 2012, \$562,464 is restricted for subsequent years expenditures; \$196,000 is restricted to establish the Emergency Reserve Account; \$45,000 is restricted to establish the Maintenance Reserve Account; \$777,246 is restricted for excess surplus in accordance with *N.J.S.A. 18A:7F-7*; and \$(81,712) is unassigned.

Note 12. Litigation

There is no pending litigation involving any material monetary amount.

SHAMONG TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
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	\$7,230	
Special Revenue Fund	_____	<u>\$7,230</u>
Total	<u>\$7,230</u>	<u>\$7,230</u>

The purpose of these interfunds is short-term borrowings.

Note 14. Compensated Absences

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

District employees are granted 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 \$433,111.

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 no liability existed for compensated absences in the proprietary fund types.

SHAMONG TOWNSHIP BOARD OF EDUCATION

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

Note 15. Post-Retirement Benefits - District Share

The District sometimes offers benefits to their employees that do not start or take effect until after the employee leaves the District. These benefits are negotiated in their contracts during employment at the District. The benefits offered usually pertain to previous administrative employees of the District. There are three (3) past District employees currently receiving these post-retirement benefits. As of June 30 2012 a long term liability existed for post-retirement benefits totaling \$19,680.

Note 16. Deferred Bond Issuance Cost, Loss on Early Retirement of Debt and Bond Premium

In the Government Funds the bond issuance, the loss on refinancing costs and premium on Bonds are recognized in the current period. For district-wide financial statements, debt issuance, refinancing costs and premium on Bonds are amortized over the life of the original issue or refunding issue, whichever is longer, the premium associated with the 2010 issue was \$39,488. Unamortized premium on Bonds for the school year ended June 30, 2012 is \$36,796.

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), and 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 \$777,246.

REQUIRED SUPPLEMENTARY INFORMATION – PART II



C. Budgetary Comparison Schedules

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Revenues:											
Local Sources:											
Local Tax Levy	10-1210	\$8,030,196		8,030,196	8,030,196		8,019,800		8,019,800	8,019,800	
Tuition	10-1320	27,000		27,000	54,019	27,019				4,965	4,965
Interest on Capital Reserve Funds	10-1511									5	5
Miscellaneous	10-1990	204,000		204,000	166,621	(37,379)	53,911		53,911	158,166	104,255
Total Local Sources		8,261,196		8,261,196	8,250,836	(10,360)	8,073,711		8,073,711	8,182,936	109,225
State Sources:											
Categorical Transportation Aid	10-3121	75,428		75,428	201,784	126,356					
Categorical Special Education Aid	10-3132	469,134		469,134	469,134		469,134		469,134	469,134	
Equalization Aid	10-3176	3,243,138		3,243,138	3,243,138		3,243,138		3,243,138	3,243,138	
Categorical Security Aid	10-3177	63,884		63,884	63,884		12,956		12,956	12,956	
Extraordinary Aid	10-3190	25,749		25,749	28,485	2,736	25,749		25,749	40,676	14,927
Other State Aid					1,740	1,740				10,635	10,635
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					602,985	602,985				415,794	415,794
Reimbursed TPAF Social Security Contributions					422,543	422,543				430,857	430,857
Total State Sources		3,877,333		3,877,333	5,033,693	1,156,360	3,750,977		3,750,977	4,623,190	872,213
Federal Sources:											
Education Jobs Fund	18-4522	144,370	4,523	148,893	148,893						
Total Federal Sources		144,370	4,523	148,893	148,893						
Total Revenues		12,282,899	4,523	12,287,422	13,433,422	1,146,000	11,824,688		11,824,688	12,806,126	981,438

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
54 Preschool/Kindergarten	110-100-101	112,060	26,875	138,935	138,797	138	104,554	(22,000)	82,554	81,979	575
Grades 1 - 5	120-100-101	2,063,758	75,225	2,138,983	2,132,707	6,276	1,942,452	148,918	2,091,370	2,089,851	1,519
Grades 6 - 8	130-100-101	1,394,042	5,300	1,399,342	1,399,316	26	1,428,146	(75,302)	1,352,844	1,350,296	2,548
Home Instruction	150-100-101	2,000	3,963	5,963	5,963		2,000		2,000	500	1,500
Home Instruction - Purchased Services	150-100-340		1,197	1,197	1,196	1					
Regular Programs - Undistributed Instruction:											
Purchased Technical Services	190-100-340	78,263	(11,245)	67,018	67,016	2	64,321	(4)	64,317	59,329	4,988
Rental of Equipment	190-100-500	48,300	4,075	52,375	52,375		51,120	24	51,144	51,141	3
Teacher Travel Between Schools	190-100-580		796	796	795	1		675	675	674	1
General Supplies	190-100-610	116,864	(5,603)	111,261	111,078	183	135,765	(11,818)	123,947	116,444	7,503
Textbooks	190-100-640	2,800	9,579	12,379	12,377	2	946	12,632	13,578	13,541	37
Other Objects	190-100-800	1,066	(812)	254	254		608	5	613	456	157
Total Regular Programs		3,819,153	109,350	3,928,503	3,921,874	6,629	3,729,912	53,130	3,783,042	3,764,211	18,831
Resource Room/ Resource Center:											
Salaries of Teachers	213-100-101	969,369		969,369	944,285	25,084	899,409	2,641	902,050	897,890	4,160
Other Salaries for Instruction	213-100-106	246,991	(13,073)	233,918	203,266	30,652	205,317	(810)	204,507	186,891	17,616
General Supplies	213-100-610	3,800	(668)	3,132	3,132		10,300	(2,142)	8,158	3,100	5,058
Textbooks	213-100-640	2,425	(1,135)	1,290	1,290		2,124	311	2,435	2,434	1

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Resource Room	1,222,585	(14,876)	1,207,709	1,151,973	55,736	1,117,150		1,117,150	1,090,315	26,835
Preschool Disabilities - Part-Time:										
Salaries of Teachers 215-100-101	73,301	3,288	76,589	75,882	707	71,889	75	71,964	62,961	9,003
Other Salaries for Instruction 215-100-106	44,964	9,837	54,801	53,479	1,322	44,097	(4,850)	39,247	31,810	7,437
General Supplies 215-100-610	400	(50)	350	349	1	1,637	(110)	1,527	1,393	134
Total Preschool Disabilities - Part-Time	118,665	13,075	131,740	129,710	2,030	117,623	(4,885)	112,738	96,164	16,574
Total Special Education	1,341,250	(1,801)	1,339,449	1,281,683	57,766	1,234,773	(4,885)	1,229,888	1,186,479	43,409
Basic Skills/Remedial:										
Salaries of Teachers 230-100-101	169,503	1,671	171,174	167,586	3,588	162,049	4,885	166,934	164,997	1,937
General Supplies 230-100-610	3,700	(957)	2,743	2,742	1	3,729	(612)	3,117	783	2,334
Other Objects 230-100-800						250	(79)	171	171	
Total Basic Skills/Remedial	173,203	714	173,917	170,328	3,589	166,028	4,194	170,222	165,951	4,271
School Sponsored Cocurricular Activities:										
Salaries 401-100-100	43,024	6,792	49,816	49,816		42,180	5,905	48,085	46,176	1,909
Supplies & Materials 401-100-600	2,990	(686)	2,304	2,253	51	2,979	(48)	2,931	2,929	2
Other Objects 401-100-800	900	1,329	2,229	2,204	25	900	1,043	1,943	1,924	19
Total School Sponsored Cocurricular Activities	46,914	7,435	54,349	54,273	76	46,059	6,900	52,959	51,029	1,930
School Sponsored Athletics:										
Salaries 402-100-100	32,153	(4,374)	27,779	27,779		27,779		27,779	27,779	
Purchased Services 402-100-500	7,166	(2,181)	4,985	4,985		7,166	(2,787)	4,379	4,379	
Supplies & Materials 402-100-600	883	62	945	944	1	4,113	(2,585)	1,528	1,528	
Other Objects 402-100-800	355	(155)	200	200		355	(155)	200	200	

55

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

56

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total School Sponsored Athletics	40,557	(6,648)	33,909	33,908	1	39,413	(5,527)	33,886	33,886	
Community Service Programs:										
Salaries	800-330-100					5,408		5,408	4,975	433
Total Community Service Programs						5,408		5,408	4,975	433
Total Other Instructional Programs	87,471	787	88,258	88,181	77	90,880	1,373	92,253	89,890	2,363
Total - Instruction	5,421,077	109,050	5,530,127	5,462,066	68,061	5,221,593	53,812	5,275,405	5,206,531	68,874
Undistributed Expenditures:										
Instruction:										
Tuition to Other LEAs Outside State	000-100-562	7,508	7,526	15,034	15,034	5,754	11,712	17,466	17,466	
Tuition to CSSD & Regional Day Schools	000-100-565	7,865	(7,526)	339		339	2,701	6,201	6,200	1
Tuition State Facilities	000-100-568						810	810	810	
Total Instruction	15,373		15,373	15,034	339	9,254	15,223	24,477	24,476	1
Health Services:										
Salaries	000-213-100	135,997	5,243	141,240	141,078	162	133,393	1,853	135,246	135,246
Purchased Professional & Technical Services	000-213-300	4,000		4,000	4,000		4,000	(80)	3,920	3,920
Supplies and Materials	000-213-600	1,263	(43)	1,220	1,170	50	1,270	(124)	1,146	1,145
Other Objects	000-213-800	100	(80)	20		20	110	(90)	20	20
Total Health Services	141,360	5,120	146,480	146,248	232	138,773	1,559	140,332	140,331	1

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Related Services:											
Salaries	000-216-101	135,256	(4,067)	131,189	128,101	3,088	166,693		166,693	141,889	24,804
Purchased Professional/Educational Services	000-216-320	77,954	(2,535)	75,419	26,778	48,641	82,250	(19,094)	63,156	21,236	41,920
Supplies & Materials	000-216-610	3,280	500	3,780	3,545	235	3,280		3,280	1,757	1,523
Total Related Services		216,490	(6,102)	210,388	158,424	51,964	252,223	(19,094)	233,129	164,882	68,247
Extra Services:											
Salaries	000-217-100	47,622	6,505	54,127	53,997	130	46,727	255	46,982	46,127	855
Purchased Professional/Educational Services	000-217-320	26,659	(8,506)	18,153	11,092	7,061	19,073		19,073	18,723	350
Supplies & Materials	000-217-610	5,720		5,720	4,675	1,045	5,710	(255)	5,455	3,210	2,245
Total Extra Services		80,001	(2,001)	78,000	69,764	8,236	71,510		71,510	68,060	3,450
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	000-218-104	140,611	631	141,242	139,682	1,560	169,359	(31,500)	137,859	137,854	5
Purchased Professional & Technical Services	000-218-390	5,000		5,000	1,790	3,210	3,500		3,500		3,500
Supplies & Materials	000-218-600	2,606		2,606	1,786	820	4,070		4,070	2,659	1,411
Other Objects	000-218-800	150		150		150	417		417		417
Total Other Support Services - Students - Regular		148,367	631	148,998	143,258	5,740	177,346	(31,500)	145,846	140,513	5,333
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	000-219-104	320,003	(54,145)	265,858	257,727	8,131	239,361	54,000	293,361	291,602	1,759

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	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	000-219-105	46,099	530	46,629	45,088	1,541	45,208		45,208	44,558	650
Purchased Professional/Educational Services	000-219-320		43,785	43,785	43,784	1	25,000	(25,000)			
Rental of Equipment	000-219-440		3,770	3,770	2,527	1,243		3,770	3,770	3,370	400
Seminars/Travel	000-219-580		3,336	3,336	1,461	1,875		3,700	3,700	1,141	2,559
Miscellaneous Purchased Services	000-219-592	12,611	(7,611)	5,000	2,439	2,561	12,470	(9,470)	3,000	2,244	756
Supplies and Materials	000-219-600	4,625	3,605	8,230	7,689	541	5,975		5,975	3,690	2,285
Other Objects	000-219-800	500	(105)	395		395	1,275		1,275		1,275
Total Other Support Services - Students - Special Services		383,838	(6,835)	377,003	360,715	16,288	329,289	27,000	356,289	346,605	9,684
Improvement of Instruction:											
Salary of Other Professional Staff	000-221-104	33,452	3,925	37,377	35,552	1,825	8,452	15,000	23,452	23,033	419
Purchased Professional/Educational Services	000-221-320						42,000	(42,000)			
Purchased Services	000-221-590	2,850	(2,850)				2,850		2,850	2,763	87
Total Improvement of Instruction		36,302	1,075	37,377	35,552	1,825	53,302	(27,000)	26,302	25,796	506
Instructional Staff Training:											
Purchased Professional Educational Services	000-223-320	4,400	1,089	5,489	5,488	1	4,400	350	4,750	4,750	
Staff Development - Travel	000-223-580	5,950	(1,089)	4,861	4,123	738	5,450		5,450	3,463	1,987
Supplies & Materials	000-223-600	500		500	486	14	500		500	136	364
Other Objects	000-223-800	2,075	(1,075)	1,000	1,000		2,075	(350)	1,725	1,725	
Total Instructional Staff Training		12,925	(1,075)	11,850	11,097	753	12,425		12,425	10,074	2,351

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Educational Media Services/School Library:											
Salaries	000-222-100	200,407	5,114	205,521	201,512	4,009	231,194	440	231,634	231,634	
Purchased Professional & Technical Services	000-222-300	8,534		8,534	2,004	6,530	6,195	(80)	6,115	5,884	231
Other Purchased Services	000-222-500	2,620		2,620	1,616	1,004	2,620		2,620	2,208	412
Supplies and Materials	000-222-600	14,550		14,550	10,398	4,152	14,600	(360)	14,240	9,977	4,263
Total Educational Media Services/School Library		226,111	5,114	231,225	215,530	15,695	254,609		254,609	249,703	4,906
Support Services General Administration:											
Salaries	000-230-100	171,313		171,313	143,472	27,841	215,255		215,255	215,255	
Legal Services	000-230-331	20,000	16,447	36,447	32,279	4,168	20,000	8,437	28,437	28,437	
Audit Fees	000-230-332	15,990		15,990	15,800	190	15,525	(75)	15,450	15,450	
Architectural/Engineering Service	000-230-334	2,000	(2,000)				2,000	(2,000)			
Other Purchased Professional Services	000-230-339	26,000	(533)	25,467	23,666	1,801	20,900	(3,608)	17,292	17,286	6
Communications/Telephone	000-230-530	27,700	3,092	30,792	30,791	1	29,200	3,610	32,810	26,357	6,453
Travel	000-230-580		5,500	5,500	931	4,569		5,500	5,500	1,733	3,767
BOE Other Purchased Services	000-230-585	9,700	(9,650)	50		50	4,200	(3,280)	920		920
Other Purchased Services	000-230-590	27,000	(9,232)	17,768	17,432	336	32,500	(3,761)	28,739	28,739	
Supplies and Materials	000-230-600	3,400	101	3,501	3,501		3,400	190	3,590	3,590	
Miscellaneous Expenditures	000-230-890	11,500	(2,513)	8,987	4,491	4,496	11,500	(190)	11,310	7,699	3,611
BOE Membership Dues & Fees	000-230-895	8,100	(1,260)	6,840	6,833	7	8,100	(823)	7,277	6,833	444
Total Support Services General Administration		322,703	(48)	322,655	279,196	43,459	362,580	4,000	366,580	351,379	15,201
Support Services School Administration:											
Salaries of Principals & Assistant Principal	000-240-103	226,471	11,361	237,832	237,831	1	222,030		222,030	222,030	

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Support Services School Administration (continued):											
Salaries of Secretarial & Clerical											
Assistants	000-240-105	183,073	2,320	185,393	179,239	6,154	178,032	1,000	179,032	178,137	895
Purchased Professional & Technical											
Services	000-240-300	15,540		15,540	11,665	3,875	13,240		13,240	11,234	2,006
Other Purchased Services	000-240-500	4,800		4,800	1,739	3,061	5,000	(196)	4,804	949	3,855
Supplies and Materials	000-240-600	6,650		6,650	3,504	3,146	6,638	(804)	5,834	1,324	4,510
Other Objects	000-240-800	5,500		5,500	4,866	634	5,600		5,600	4,775	825
Total Support Services School Administration		442,034	13,681	455,715	438,844	16,871	430,540		430,540	418,449	12,091
Support Services Central Services:											
Salaries	000-251-100	234,869	2,089	236,958	236,958		230,264		230,264	230,264	
Purchased Technical Services	000-251-340	10,400		10,400	10,400		10,400		10,400	10,350	50
Travel	000-251-580		1,249	1,249	1,249			3,000	3,000	2,498	502
Miscellaneous Purchased Services	000-251-590	4,600	(3,236)	1,364	1,364		4,600	(3,000)	1,600	1,320	280
Supplies and Materials	000-251-600	6,400	1,055	7,455	7,455		6,400		6,400	2,503	3,897
Interest on Lease Purchase											
Agreements	000-251-832						1,110		1,110		1,110
Miscellaneous Expenditures	000-251-890	2,200	(747)	1,453	1,453		2,200		2,200	1,503	697
Total Support Services Central Services		258,469	410	258,879	258,879		254,974		254,974	248,438	6,536
Administrative Information Technology:											
Purchased Technical Services	000-252-340	500	(362)	138		138	500		500		500
Total Administrative Information Technology		500	(362)	138		138	500		500		500

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Required Maintenance for School Facilities:										
Salaries 000-261-100	105,003		105,003	99,688	5,315	102,944		102,944	98,021	4,923
Cleaning, Repair & Maintenance Services 000-261-420	90,189	13,000	103,189	99,331	3,858	90,189	(343)	89,846	87,590	2,256
General Supplies 000-261-610	30,100	(5,848)	24,252	18,738	5,514	30,100	343	30,443	28,784	1,659
Total Required Maintenance for School Facilities	225,292	7,152	232,444	217,757	14,687	223,233		223,233	214,395	8,838
Operation & Maintenance of Plant Services:										
Salaries 000-262-100	517,412	4,918	522,330	514,895	7,435	518,245	(5,356)	512,889	512,614	275
Cafeteria Salaries 000-262-106							5,356	5,356		5,356
Purchased Professional/Technical Services 000-262-300	7,200	681	7,881	7,489	392	7,200	2,476	9,676	7,118	2,558
Cleaning, Repair & Maintenance Services 000-262-420	39,614	(9,615)	29,999	15,120	14,879	39,614	(1,263)	38,351	18,880	19,471
Insurance 000-262-520	27,511	(1,081)	26,430	26,019	411	27,511	(1,213)	26,298	25,262	1,036
Travel 000-262-590	1,250		1,250	1,006	244	1,250		1,250	326	924
General Supplies 000-262-610	69,363	(1,525)	67,838	64,889	2,949	69,363		69,363	60,845	8,518
Energy (Natural Gas) 000-262-621	86,433		86,433	46,942	39,491	86,433		86,433	78,242	8,191
Energy (Electricity) 000-262-622	130,900		130,900	126,884	4,016	160,900		160,900	145,307	15,593
Other Objects 000-262-800	1,100	(530)	570	160	410	1,100		1,100	650	450
Total Operation & Maintenance of Plant Services	880,783	(7,152)	873,631	803,404	70,227	911,616		911,616	849,244	62,372
Student Transportation Services:										
Purchased Professional & Technical Services 000-270-350	6,500	462	6,962	6,961	1	6,500		6,500	5,642	858
Other Purchased Professional & Technical Services 000-270-390	2,400		2,400	2,150	250	2,400		2,400	2,150	250

19

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Student Transportation Services (continued)::											
Contracted Services (Between Home & School) - Vendors	000-270-511	485,659	(16,058)	469,601	459,722	9,879	476,137		476,137	441,179	34,958
Contracted Services (Other Than Between Home & School) - Vendors	000-270-512	11,458		11,458	7,004	4,454	11,458		11,458	8,093	3,365
Contracted Services - CTSA's Regular	000-270-517	26,418	1,850	28,268	26,162	2,106	25,900	2,452	28,352	28,352	
Contracted Services - CTSA's Special	000-270-518	109,764	13,746	123,510	122,332	1,178	109,764	(2,452)	107,312	83,526	23,786
Aid in Lieu of Payments	000-270-503	9,200		9,200	9,061	139	9,200		9,200	7,072	2,128
Total Student Transportation Services		651,399		651,399	633,392	18,007	641,359		641,359	576,014	65,345
Unallocated Benefits - Employee Benefits:											
Social Security Contributions	000-291-220	167,280		167,280	165,835	1,445	164,000		164,000	154,016	9,984
PERS - Other Retirement	000-291-241	166,900		166,900	152,440	14,460	140,000	7,172	147,172	147,172	
Workmen's Compensation	000-291-260	53,100	(2,634)	50,466	49,147	1,319	53,100		53,100	47,716	5,384
Health Benefits	000-291-270	2,419,761	(116,805)	2,302,956	1,999,134	303,822	2,148,634	(131,172)	2,017,462	1,971,426	46,036
Tuition Reimbursements	000-291-280	39,000	124	39,124	6,491	32,633	39,000		39,000	8,856	30,144
Other Employee Benefits	000-291-290	172,185		172,185	163,048	9,137	178,100	100,000	278,100	159,653	118,447
Total Unallocated Benefits - Employee Benefits		3,018,226	(119,315)	2,898,911	2,536,095	362,816	2,722,834	(24,000)	2,698,834	2,488,839	209,995
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					602,985	(602,985)				415,794	(415,794)
Reimbursed TPAF Social Security Contributions					422,543	(422,543)				430,857	(430,857)

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

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total Undistributed Expenditures	7,060,173	(109,707)	6,950,466	7,348,717	(398,251)	6,846,367	(53,812)	6,792,555	7,163,849	(371,294)
Total Expenditures - Current Expense	12,481,250	(657)	12,480,593	12,810,783	(330,190)	12,067,960		12,067,960	12,370,380	(302,420)
Capital Outlay:										
Equipment:										
Undistributed Expenditures:										
Care and Upkeep of Grounds 120-263-730	40,000		40,000	39,786	214					
Regular Programs - Instruction:										
Grades 6-8 130-100-730		5,180	5,180	5,180						
Total Equipment	40,000	5,180	45,180	44,966	214					
Facilities Acquisition & Construction Services:										
Lease Purchase Agreements:										
Principal 000-400-721						25,363		25,363	24,990	373
Other Objects 000-400-800	17,420		17,420	17,420		29,955		29,955	29,955	
Total Facilities Acquisition & Construction Services	17,420		17,420	17,420		55,318		55,318	54,945	373
Total Capital Outlay	57,420	5,180	62,600	62,386	214	55,318		55,318	54,945	373
Total Expenditures	12,538,670	4,523	12,543,193	12,873,169	(329,976)	12,123,278		12,123,278	12,425,325	(302,047)
Other Financing (Uses)/Sources:										
Food Services:										
Transfer to Cover Deficit 000-310-930						(3,000)		(3,000)	(3,000)	

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

NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Expenditures & Other Financing Uses	12,538,670	4,523	12,543,193	12,873,169	(329,976)	12,126,278		12,126,278	12,428,325	(302,047)
Excess/(Deficiency) of Revenues & Other Financing Sources/(Uses) Over/(Under) Expenditures & Other Financing Uses	(255,771)		(255,771)	560,253	816,024	(301,590)		(301,590)	377,801	679,391
Fund Balances, July 1	1,334,797		1,334,797	1,334,797		956,996		956,996	956,996	
Fund Balances, June 30	<u>\$1,079,026</u>	-	1,079,026	1,895,050	816,024	655,406	-	655,406	1,334,797	679,391

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Maintenance Reserve	\$45,000
Emergency Reserve	196,000
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	562,464
Excess Surplus	777,246
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	59,864
Unassigned Fund Balance	<u>254,476</u>
Subtotal	1,895,050
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(396,052)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$1,498,998</u></u>

**SHAMONG TOWNSHIP BOARD OF EDUCATION
EDUCATION JOBS FUND -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2012**

	ACCOUNT NUMBER	JUNE 30, 2012			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Federal Sources:					
Education Jobs Fund	18-xxx	144,370	4,523	148,893	148,893
Total Federal Sources		144,370	4,523	148,893	148,893
Total Revenues		144,370	4,523	148,893	148,893
Expenditures:					
Personal Service Employee Benefits	18-000-291-270	144,370	4,523	148,893	148,893
Total Unallocated Benefits		144,370	4,523	148,893	148,893
Total Expenditures		144,370	4,523	148,893	148,893
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		-	-	-	-
(Under) Expenditures & Other Financing Sources/(Uses)		\$ -	-	-	-

**SHAMONG TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	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										
Federal Sources	\$235,981	31,980	267,961	234,497	(33,464)	233,968	87,068	321,036	290,618	(30,418)
Local Sources		51,000	51,000	50,030	(970)		27,999	27,999	23,611	(4,388)
Total Revenues	235,981	82,980	318,961	284,527	(34,434)	233,968	115,067	349,035	314,229	(34,806)
EXPENDITURES:										
Instruction:										
Salaries of Teachers	48,020	(13,534)	34,486	27,500	6,986	32,730	6,664	39,394	26,457	12,937
Tuition	156,960	(52,473)	104,487	103,033	1,454	66,904	2,879	69,783	69,783	
General Supplies	20,000	43,181	63,181	60,165	3,016		35,354	35,354	28,789	6,565
Total Instruction	224,980	(22,826)	202,154	190,698	11,456	99,634	44,897	144,531	125,029	19,502
Support Services:										
Other Salaries							41,429	41,429	41,429	
Personal Services - Employee Benefits		2,001	2,001	2,001		1,099	1,677	2,776	2,776	
Purchased Professional Educational Services	11,001	94,928	105,929	84,328	21,601	122,200	15,710	137,910	122,607	15,303
Other Purchased Services		8,877	8,877	7,500	1,377	11,035	4,950	15,985	15,985	
Total Support Services	11,001	105,806	116,807	93,829	22,978	134,334	63,766	198,100	182,797	15,303
Facilities Acquisition & Construction Services:										
Instructional Equipment							6,404	6,404	6,403	1
Total Facilities Acquisition & Construction							6,404	6,404	6,403	1
Total Expenditures	235,981	82,980	318,961	284,527	34,434	233,968	115,067	349,035	314,229	34,806
Total Outflows	235,981	82,980	318,961	284,527	34,434	233,968	115,067	349,035	314,229	34,806
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/ (Uses)	\$ -	-	-	-	-	-	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**SHAMONG TOWNSHIP 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	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$13,433,422	284,527
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	368,900	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(396,052)	
	<hr/>	
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$13,406,270</u>	<u>284,527</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$12,873,169</u>	<u>284,527</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$12,873,169</u>	<u>284,527</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

**SHAMONG TOWNSHIP 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		NO CHILD LEFT BEHIND	
	<u>BASIC REGULAR PROGRAM</u>	<u>I.D.E.A. PRESCHOOL PROGRAM</u>	<u>TITLE I</u>	<u>TITLE II A</u>
Revenues:				
Federal Sources	\$184,298	11,381	20,269	18,549
Local Sources				
Total Revenues	\$184,298	11,381	20,269	18,549
Expenditures:				
Instruction:				
Salaries of Teachers			12,517	14,983
Tuition	103,033			
General Supplies	2,518		5,041	2,576
Total Instruction	105,551		17,558	17,559
Support Services:				
Other Salaries				
Personal Services - Employee Benefits			1,011	990
Purchased Professional - Educational	71,247	11,381	1,700	
Other Purchased Services	7,500			
Total Support Services	78,747	11,381	2,711	990
Facilities Acquisition & Construction Services:				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$184,298	11,381	20,269	18,549

**SHAMONG TOWNSHIP 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)**

	SHAMONG TOWNSHIP FOUNDATION FOR EDUCATION EXCELLENCE		
	2012	2011	
Revenues:			
Federal Sources	234,497	290,618	
Local Sources	\$50,030	50,030	23,611
	<hr/>		
Total Revenues	\$50,030	284,527	314,229
<hr/>			
Expenditures:			
Instruction:			
Salaries of Teachers	27,500	26,457	
Tuition	103,033	69,783	
General Supplies	\$50,030	60,165	28,789
	<hr/>		
Total Instruction	50,030	190,698	125,029
<hr/>			
Support Services:			
Other Salaries			41,429
Personal Services - Employee Benefits	2,001	2,776	
Purchased Professional Educational Services	84,328	122,607	
Other Purchased Services	7,500	15,985	
	<hr/>		
Total Support Services	93,829	182,797	
<hr/>			
Facilities Acquisition & Construction Services:			
Instructional Equipment			6,403
	<hr/>		
Total Facilities Acquisition & Construction Services			6,403
<hr/>			
Total Expenditures	\$50,030	284,527	314,229
<hr/>			

F. Capital Projects Fund



**SHAMONG TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

PROJECT TITLE/ISSUE	DATE	ORIGINAL APPROPRIATIONS	REAPPROPRIATION OF PROCEEDS	TRANSFER TO DEBT SERVICE FUND	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2012
					PRIOR YEARS	CURRENT YEAR	
Renovations, Site Work & Solar Panel Installation at Indian Mills Memorial School & Indian Mills School	09/29/09	\$2,560,467	(640)	40,000	1,907,087	291,137	321,603
Total		\$2,560,467	(640)	40,000	1,907,087	291,137	321,603
					Fund Balance		\$321,603
					Total		\$321,603

SHAMONG TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

EXPENDITURES:

Purchased Professional & Technical Services	\$26,337
Construction Services	262,833
Supplies	<u>1,967</u>
Total Expenditures	<u>291,137</u>
Excess/(Deficiency) of Revenues & Other Financing Sources	
Over/(Under) Expenditures & Other Financing Sources	(291,137)
Transfer to Debt Service Fund	<u>(40,000)</u>
Fund Balance - Beginning	<u>652,740</u>
Fund Balance - Ending	<u><u>\$321,603</u></u>

**SHAMONG TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
INDIAN MILLS MEMORIAL SCHOOL & INDIAN MILLS SCHOOL
RENOVATIONS, SITE WORK AND SOLAR PANEL INSTALLATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$560,827		560,827	560,827
Bond Proceeds & Transfers	1,999,000		1,999,000	1,999,000
Total Revenues	2,559,827		2,559,827	2,559,827
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	216,726	26,337	243,063	243,063
Construction Services	1,653,540	262,833	1,916,373	2,237,976
Supplies	28,456	1,967	30,423	30,423
Miscellaneous/Contingency	8,365		8,365	8,365
Total Expenditures	1,907,087	291,137	2,198,224	2,519,827
Transfer to Debt Service Fund		40,000	40,000	40,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$652,740	(331,137)	321,603	-

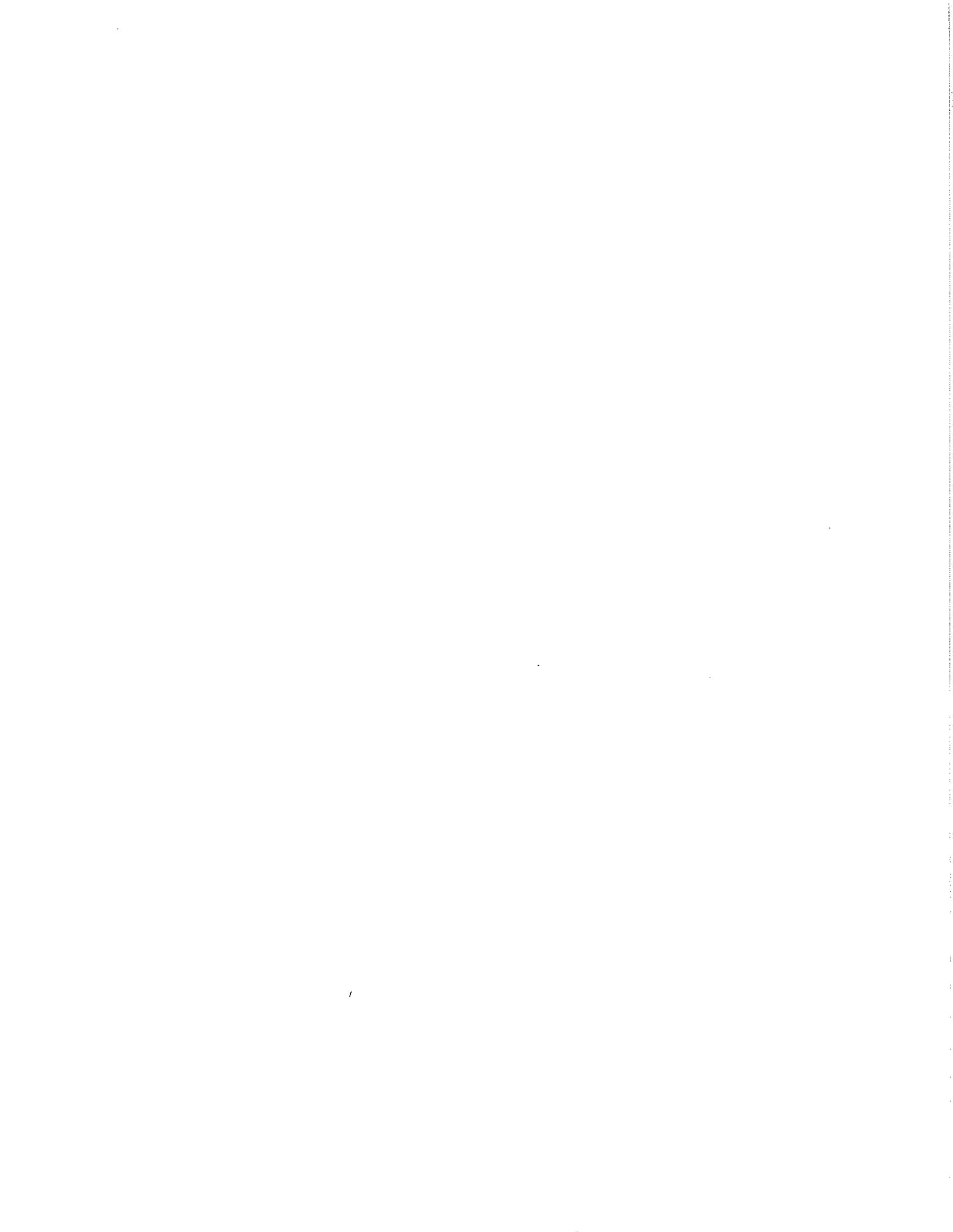
ADDITIONAL PROJECT INFORMATION

Project Number	4740-050-09
Grant Date	N/A
Bond Authorization Date	8/26/10
Bonds Authorized	\$1,999,640
Bonds Issued	N/A
Original Authorized Cost	\$2,560,467
Additional Authorized Cost	(\$640)
Revised Authorized Cost	\$2,559,827
Percentage Increase Over Original Authorized Cost	-0.02%
Percentage Completion	87%
Original Target Completion Date	9/2011
Revised Target Completion Date	9/2011



G. Proprietary Funds

Enterprise Funds



SHAMONG TOWNSHIP 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	\$20,526	20,526	26,589
Accounts Receivable:			
State	134	134	370
Federal	6,157	6,157	6,083
Other	5,165	5,165	
Inventories	1,848	1,848	2,321
Total Current Assets	33,830	33,830	35,363
Noncurrent Assets:			
Furniture, Machinery & Equipment	55,025	55,025	55,025
Less: Accumulated Depreciation	(20,355)	(20,355)	(16,394)
Total Fixed Assets	34,670	34,670	38,631
Total Assets	68,500	68,500	73,994
LIABILITIES			
Deferred Revenue	2,520	2,520	
Total Liabilities	2,520	2,520	
NET ASSETS			
Investment in Capital Assets	34,670	34,670	38,631
Unrestricted	31,310	31,310	35,363
Total Net Assets	\$65,980	65,980	73,994

SHAMONG TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2012	2011
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$137,193	137,193	151,703
Daily Sales - Nonreimbursable Programs	41,611	41,611	42,607
Miscellaneous	7,132	7,132	1,395
	<hr/>		
Total Operating Revenue	185,936	185,936	195,705
	<hr/>		
Operating Expenses:			
Salaries & Benefits	119,535	119,535	117,866
Miscellaneous Expenses	10,960	10,960	4,010
Management Fee	17,685	17,685	17,254
Supplies and Materials	7,636	7,636	11,476
Depreciation	3,961	3,961	4,257
Cost of Sales	99,044	99,044	99,968
	<hr/>		
Total Operating Expenses	258,821	258,821	254,831
	<hr/>		
Operating Income/(Loss)	(72,885)	(72,885)	(59,126)
	<hr/>		
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	2,834	2,834	3,156
Federal Sources:			
National School Lunch Program	43,605	43,605	38,614
Cash in Lieu of Commodities	17,965	17,965	15,598
	<hr/>		
Total Nonoperating Revenues/(Expenses)	64,404	64,404	57,368
	<hr/>		
Net Income/(Loss) Before Other Financing Sources/(Uses)	(8,481)	(8,481)	(1,758)
	<hr/>		
Other Financing Sources/(Uses)			
Board Contribution			3,000
Interest Revenue - Board Contribution	467	467	362
	<hr/>		
Total Other Financing Sources/(Uses)	467	467	3,362
	<hr/>		
Net Income/(Loss)	(8,014)	(8,014)	1,604
Total Net Assets - Beginning	73,994	73,994	72,390
	<hr/>		
Total Net Assets - Ending	\$65,980	65,980	73,994
	<hr/>		

**SHAMONG TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2012	2011
Cash Flows From Operating Activities:			
Receipts from Customers	\$183,291	183,291	195,705
Payments to Employees	(119,535)	(119,535)	(117,866)
Payments to Suppliers	(134,852)	(134,852)	(128,814)
Net Cash Provided/(Used) by Operating Activities	<u>(71,096)</u>	<u>(71,096)</u>	<u>(50,975)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	3,070	3,070	3,134
Federal Sources	61,496	61,496	55,879
Board Contributions & Transfers			3,000
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>64,566</u>	<u>64,566</u>	<u>62,013</u>
Cash Flows From Investing Activities:			
Interest & Dividends	467	467	362
Net Cash Provided/(Used) by Investing Activities	<u>467</u>	<u>467</u>	<u>362</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(6,063)	(6,063)	11,400
Balances - Beginning of Year	<u>26,589</u>	<u>26,589</u>	<u>15,189</u>
Balances - End of Year	<u><u>\$20,526</u></u>	<u><u>20,526</u></u>	<u><u>26,589</u></u>

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

Operating Income/(Loss)	(\$72,885)	(72,885)	(59,126)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used For) Operating Activities:			
Depreciation & Net Amortization	3,961	3,961	4,257
(Increase)/Decrease in Other A/R	(5,165)	(5,165)	
Increase/(Decrease) in Deferred Revenue	2,520	2,520	
(Increase)/Decrease in Inventories	473	473	3,894
Total Adjustments	<u>1,789</u>	<u>1,789</u>	<u>8,151</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>(\$71,096)</u></u>	<u><u>(71,096)</u></u>	<u><u>(50,975)</u></u>



Internal Service Fund

Not Applicable



H. Fiduciary Fund

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

ASSETS	PRIVATE PURPOSE		2012	2011
	UNEMPLOYMENT COMPENSATION TRUST	AGENCY STUDENT ACTIVITY		
Cash & Cash Equivalents	\$124,592	52,312	6,070	182,974
Total Assets	124,592	52,312	6,070	182,974
LIABILITIES				
Payroll Taxes Payable			6,070	1,511
Due to Student Groups		52,312		24,377
Total Liabilities		52,312	6,070	25,888
NET ASSETS				
Reserve for Unemployment Compensation	124,592			136,464
Total Net Assets	\$124,592	-	-	136,464

**SHAMONG TOWNSHIP 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)**

ADDITIONS	PRIVATE PURPOSE <u>UNEMPLOYMENT</u> COMPENSATION TRUST	2012	2011
Contributions:			
Plan Members			13,647
			<hr/>
Total Contributions			13,647
			<hr/>
Investment Earnings:			
Interest	\$1,628	1,628	1,577
			<hr/>
Net Investment Earnings	1,628	1,628	1,577
			<hr/>
Total Additions	1,628	1,628	15,224
			<hr/>
DEDUCTIONS			
Unemployment Claims	13,500	13,500	3,455
			<hr/>
Total Deductions:	13,500	13,500	3,455
			<hr/>
Change in Net Assets	(11,872)	(11,872)	11,769
Net Assets - Beginning of the Year	136,464	136,464	124,695
			<hr/>
Net Assets - End of the Year	\$124,592	124,592	136,464
			<hr/> <hr/>

**SHAMONG TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	BALANCE JULY 1, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2012
Student Activities Account	\$23,276	61,964	33,492	51,748
Student Council	1		1	
Basketball League	1,100	1,612	2,148	564
Total All Activity	<u>\$24,377</u>	<u>63,576</u>	<u>35,641</u>	<u>52,312</u>

**PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
ASSETS				
Cash & Cash Equivalents	\$1,511	8,698,803	8,694,244	6,070
Total Assets.	<u>\$1,511</u>	<u>8,698,803</u>	<u>8,694,244</u>	<u>6,070</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$1,511	8,698,803	8,694,244	6,070
Total Liabilities	<u>\$1,511</u>	<u>8,698,803</u>	<u>8,694,244</u>	<u>6,070</u>

I. Long-Term Debt

**SHAMONG TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2012**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2011	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2012
			DATE	AMOUNT					
School Bond Issue	3/1/2003	\$5,498,000	5/15/2013	\$575,000	3.500%	\$4,373,000		550,000	3,823,000
			5/15/2014	600,000	3.500%				
			5/15/2015	625,000	3.500%				
			5/15/2016	650,000	3.500%				
			5/15/2017	675,000	3.500%				
			5/15/2018	698,000	3.600%				
School Bond Issue	6/21/07	757,346	12/01/2012	115,000	4.625%	477,346		105,000	372,346
			12/01/2013	125,000	4.625%				
			12/01/2014	132,346	4.625%				
School Bond Issue	8/26/10	1,999,000	2/15/2013	95,000	3.000%	1,999,000		90,000	1,909,000
			2/15/2014	100,000	3.000%				
			2/15/2015	105,000	3.000%				
			2/15/2016	110,000	3.125%				
			2/15/2017	115,000	3.125%				
			2/15/2018	120,000	3.125%				
			2/15/2019	130,000	3.125%				
			2/15/2020	140,000	3.125%				
			2/15/2021	150,000	3.125%				
			2/15/2022	155,000	3.125%				
			2/15/2023	160,000	3.125%				
			2/15/2024	170,000	3.250%				
			2/15/2025	180,000	3.375%				
			2/15/2026	179,000	3.500%				
Total									
						<u>\$6,849,346</u>	<u>745,000</u>	<u>6,104,346</u>	

**SHAMONG TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2012**

DESCRIPTION	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2011	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2012
Computers	3.07%	\$124,500	\$31,328		31,328	
Total			\$31,328	-	31,328	

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

	JUNE 30, 2012				VARIANCE POSITIVE/ (NEGATIVE)	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Revenues:										
Local Sources:										
Local Tax Levy	\$896,354		896,354	896,354		746,117		746,117	746,117	
State Sources:										
Debt Service Aid Type II	75,081		75,081	75,081		40,140		40,140	40,140	
Total Revenues	971,435		971,435	971,435		786,257		786,257	786,257	
Expenditures:										
Regular Debt Service:										
Interest	266,441		266,441	266,440	1	202,770		202,770	202,757	13
Redemption of Principal	745,000		745,000	745,000		625,000		625,000	625,000	
Total Regular Debt Service	1,011,441		1,011,441	1,011,440	1	827,770		827,770	827,757	13
Excess/(Deficiency) of Revenues Over (Under) Expenditures	(40,006)		(40,006)	(40,005)	1	(41,513)		(41,513)	(41,500)	13
Other Financing Sources/(Uses):										
Operating Transfers In	40,000		40,000	40,000		41,508		41,508	41,513	5
Total Other Financing Sources/(Uses)	40,000		40,000	40,000		41,508		41,508	41,513	5
Fund Balance, July 1,	19		19	19		6		6	6	
Fund Balance, June 30	\$13	-	13	14	1	1	-	1	19	18

STATISTICAL SECTION (Unaudited)

SHAMONG TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:									
Invested in Capital Assets,									
Net of Related Debt	\$7,428,613	7,410,688	7,440,051	6,840,346	6,869,344	6,817,805	6,735,833	6,793,568	3,185,232
Restricted	1,580,710	999,371	1,243,977	1,435,875	750,387	935,364	350,413	251,278	3,538,815
Unrestricted	(648,244)	(603,943)	(1,239,936)	(1,202,392)	(440,892)	(539,631)	(167,076)	(13,369)	432,305
Total Governmental Activities									
Net Assets	<u>\$8,361,079</u>	<u>7,806,116</u>	<u>7,444,092</u>	<u>7,073,829</u>	<u>7,178,839</u>	<u>7,213,538</u>	<u>6,919,170</u>	<u>7,031,477</u>	<u>7,156,352</u>
Business-Type Activities:									
Invested in Capital Assets,									
Net of Related Debt	\$34,670	38,631	42,888	33,002	24,888	26,986	24,770	23,595	
Unrestricted	31,310	35,363	29,502	26,892	15,390	5,661	6,885	9,613	28,376
Total Business-Type Activities									
Net Assets	<u>\$65,980</u>	<u>73,994</u>	<u>72,390</u>	<u>59,894</u>	<u>40,278</u>	<u>32,647</u>	<u>31,655</u>	<u>33,208</u>	<u>28,376</u>
District-Wide:									
Invested in Capital Assets,									
Net of Related Debt	\$7,463,283	7,449,319	7,482,939	6,873,348	6,894,232	6,844,791	6,760,603	6,817,163	3,185,232
Restricted	1,580,710	999,371	1,243,977	1,435,875	750,387	935,364	350,413	251,278	3,538,815
Unrestricted	(616,934)	(568,580)	(1,210,434)	(1,175,500)	(425,502)	(533,970)	(160,191)	(3,756)	460,681
Total District Net Assets	<u>\$8,427,059</u>	<u>7,880,110</u>	<u>7,516,482</u>	<u>7,133,723</u>	<u>7,219,117</u>	<u>7,246,185</u>	<u>6,950,825</u>	<u>7,064,685</u>	<u>7,184,728</u>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
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	\$3,921,874	3,764,211	4,086,502	3,929,404	3,904,909	3,810,059	3,762,680	3,637,646	3,403,545
Special Education	1,472,381	1,311,508	1,348,865	1,286,574	1,281,394	1,252,312	1,131,652	1,212,873	1,158,320
Other Special Education	170,328	165,951	202,658	201,474	161,451	133,801	126,828	114,559	208,691
Other Instruction	88,181	89,890	85,969	95,257	96,575	85,562	83,750	77,575	66,684
Support Services:									
Tuition	15,034	24,476	1,492	16,740	120,862	28,968	8,586	75,328	91,695
Student & Instruction Related									
Services	1,109,260	1,115,754	1,190,533	1,137,230	1,157,551	1,149,932	1,110,835	1,143,183	1,068,298
School Administrative Services	530,672	598,470	589,113	537,880	539,601	403,812	476,878	456,037	344,221
General & Business Administrative									
Services	538,075	599,817	593,731	602,727	575,409	599,647	577,730	571,392	357,315
Plant Operations & Maintenance	1,021,161	1,088,629	1,039,421	1,140,716	1,133,152	1,034,260	972,658	971,606	865,993
Pupil Transportation	633,392	576,014	598,024	595,326	601,006	582,690	572,520	583,938	624,806
Business & Other Support Services									225,906
Unallocated Benefits	3,563,624	3,338,266	3,435,996	3,304,180	3,530,139	3,276,665	2,759,629	2,285,201	2,041,023
Rental of Land & Building									14,450
Interest on Long-Term Debt	278,974	277,282	212,824	253,745	252,456	233,396	249,471	295,820	305,567
Amortization of Bond Premium	(2,692)								
Recording of Unamortized Bond Premium		39,488							
Increase/(Decrease) in Compensated									
Absences - Unallocated	3,641	(31,793)	10,041	(68,062)	18,790	32,259	93,696	15,178	26,487
Unallocated Amortization			18,036	20,614	20,614	20,613	20,614	20,614	
Loss on Disposition of Fixed Assets								2,735	
Unallocated Depreciation	763,364	649,482	663,323	669,242	640,587	589,410	607,340	521,337	291,790
Total Governmental Activities Expenses	14,107,269	13,607,445	14,076,528	13,723,047	14,034,496	13,233,386	12,554,866	11,985,022	11,094,791
Business-Type Activities:									
Food Service	258,821	254,831	247,833	252,556	249,674	293,671	290,177	276,136	267,763

**SHAMONG TOWNSHIP SCHOOL DISTRICT
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
Total Business-Type Activities Expense	258,821	254,831	247,833	252,556	249,674	293,671	290,177	276,136	267,763
Total District Expenses	<u>\$14,366,090</u>	<u>13,862,276</u>	<u>14,324,361</u>	<u>13,975,603</u>	<u>14,284,170</u>	<u>13,527,057</u>	<u>12,845,043</u>	<u>12,261,158</u>	<u>11,362,554</u>
Program Revenues:									
Governmental Activities:									
Charges for Services:									
Instruction (Tuition)								9,200	10,005
Operating Grants & Contributions	\$284,527	307,826	314,034	266,246	329,144	248,657	259,233	275,554	216,696
Total Governmental Activities Program Program Revenues	<u>284,527</u>	<u>307,826</u>	<u>314,034</u>	<u>266,246</u>	<u>329,144</u>	<u>248,657</u>	<u>259,233</u>	<u>284,754</u>	<u>226,701</u>
Business-Type Activities:									
Charges for Services:									
Food Service	178,804	194,310	195,558	204,483	191,809	195,092	208,748	185,179	193,168
Operating Grants & Contributions	64,404	57,368	49,356	50,410	50,932	53,062	49,094	42,058	42,767
Total Business Type Activities Program Revenues	<u>243,208</u>	<u>251,678</u>	<u>244,914</u>	<u>254,893</u>	<u>242,741</u>	<u>248,154</u>	<u>257,842</u>	<u>227,237</u>	<u>235,935</u>
Total District Program Revenues	<u>\$527,735</u>	<u>559,504</u>	<u>558,948</u>	<u>521,139</u>	<u>571,885</u>	<u>496,811</u>	<u>517,075</u>	<u>511,991</u>	<u>462,636</u>
Net (Expense)/Revenue:									
Governmental Activities	(\$13,822,742)	(13,299,619)	(13,762,494)	(13,456,801)	(13,705,352)	(12,984,729)	(12,295,633)	(11,700,268)	(10,868,090)
Business-Type Activities	(15,613)	(3,153)	(2,919)	2,337	(6,933)	(45,517)	(32,335)	(48,899)	(31,828)
Total District-Wide Net Expense	<u>(\$13,838,355)</u>	<u>(13,302,772)</u>	<u>(13,765,413)</u>	<u>(13,454,464)</u>	<u>(13,712,285)</u>	<u>(13,030,246)</u>	<u>(12,327,968)</u>	<u>(11,749,167)</u>	<u>(10,899,918)</u>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
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:									
Taxes:									
Property Taxes, Levied for General Purposes, Net	\$8,926,550	8,765,917	8,459,660	8,158,533	7,868,988	7,593,527	6,985,896	6,027,724	5,655,579
Federal & State Aid Not Restricted	5,180,485	4,711,979	5,573,846	5,089,474	5,557,526	5,484,823	5,068,705	588,343	687,536
Donated Capital Assets							18,263	4,876,894	4,777,963
Adjustment to Prior Year Fixed Asset				(11,300)			(76,716)		
Tuition	54,019	4,965	13,844		15,925	16,588	28,947		
Miscellaneous Income	216,651	181,782	90,407	120,084	236,214	151,399	136,967		
Transfers		(3,000)	(5,000)	(5,000)	(8,000)	(26,813)	(16,604)		
Total Governmental Activities	<u>14,377,705</u>	<u>13,661,643</u>	<u>14,132,757</u>	<u>13,351,791</u>	<u>13,670,653</u>	<u>13,219,524</u>	<u>12,145,458</u>	<u>11,492,961</u>	<u>11,121,078</u>
Business-Type Activities:									
Investment Earnings								395	225
Miscellaneous Income	7,599	1,757	10,415	12,279	6,564	15,521	14,178	14,164	11,827
Transfers		3,000	5,000	5,000	8,000	26,813	16,604	39,172	33,275
Total Business-Type Activities	<u>7,599</u>	<u>4,757</u>	<u>15,415</u>	<u>17,279</u>	<u>14,564</u>	<u>42,334</u>	<u>30,782</u>	<u>53,336</u>	<u>45,102</u>
Total District-Wide	<u>\$14,385,304</u>	<u>13,666,400</u>	<u>14,148,172</u>	<u>13,369,070</u>	<u>13,685,217</u>	<u>13,261,858</u>	<u>12,176,240</u>	<u>11,546,297</u>	<u>11,166,180</u>
Change in Net Assets:									
Governmental Activities	\$554,963	362,024	370,263	(105,010)	(34,699)	234,795	(150,176)	(207,307)	252,988
Business-Type Activities	(8,014)	1,604	12,496	19,616	7,631	(3,183)	(1,553)	4,437	13,274
Total District	<u>\$546,949</u>	<u>363,628</u>	<u>382,759</u>	<u>(85,394)</u>	<u>(27,068)</u>	<u>231,612</u>	<u>(151,729)</u>	<u>(202,870)</u>	<u>266,262</u>

SHAMONG TOWNSHIP SCHOOL DISTRICT
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	\$1,580,710	1,059,235	693,519	1,435,875	810,387	935,364	350,413	251,278	180,864	97,085
Unassigned	(81,712)	(93,338)	(171,280)	(686,961)	79,201	(8,833)	333,974	392,121	446,455	481,097
Total General Fund	\$1,498,998	965,897	522,239	748,914	889,588	926,531	684,387	643,399	627,319	578,182
All Other Governmental Funds:										
Reserved					138,921		26,730		3,357,951	634,805
Restricted, Reported in:										
Special Revenue Fund										(1,980)
Capital Projects Fund	\$321,603	652,740	339,302	82,041	158,370	726,423	16,185	60,588	347,599	7,257,703
Debt Service Fund	14	19	6	5					30,164	
Total All Other Governmental Funds	\$321,617	652,759	339,308	82,046	297,291	726,423	42,915	60,588	3,735,714	7,890,528

SHAMONG TOWNSHIP SCHOOL DISTRICT
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	\$8,926,550	8,765,917	8,459,660	8,158,533	7,868,988	7,593,527	6,985,896	6,616,067	6,343,115	5,833,994
Tuition Charges	54,019	4,965	13,844		15,925	16,588	28,947	9,200	10,005	17,139
Miscellaneous	216,651	181,782	90,407	120,084	229,513	147,328	118,564	121,604	133,696	72,486
State Sources	5,081,622	4,729,187	4,903,914	5,136,262	5,666,989	5,495,975	5,096,618	4,922,357	4,788,643	7,393,312
Federal Sources	383,390	290,618	983,966	219,458	219,681	237,505	231,718	230,091	206,016	178,807
Total Revenue	14,662,232	13,972,469	14,451,791	13,634,337	14,001,096	13,490,923	12,461,743	11,899,319	11,481,475	13,495,738
Expenditures:										
Instruction:										
Regular Instruction	3,921,874	3,764,211	4,086,502	3,929,404	3,938,066	3,810,059	3,762,680	3,637,646	3,403,545	3,426,926
Special Education Instruction	1,472,381	1,311,508	1,348,865	1,286,574	1,281,394	1,252,312	1,131,652	1,212,873	1,158,320	770,159
Other Special Instruction	170,328	165,951	202,658	201,474	161,451	133,801	126,828	114,559	208,691	234,486
Other Instruction	88,181	89,890	85,969	95,257	96,575	85,562	83,750	77,575	66,684	95,875
Support Services:										
Tuition	15,034	24,476	1,492	16,740	120,862	28,968	8,586	75,328	91,695	59,311
Student & Instruction Related Services	1,140,588	1,145,964	1,219,665	1,137,230	1,173,178	1,149,932	1,110,835	1,143,183	1,068,298	1,048,921
School Administrative Services	530,672	598,470	589,113	537,880	539,601	403,812	477,276	456,037	344,221	342,351
General & Business Administration Services	538,075	599,817	593,731	602,727	575,409	599,647	577,730	571,392	583,221	569,892
Plant Operations & Maintenance	1,021,161	1,063,639	1,039,421	1,164,045	1,133,152	1,034,260	972,658	971,606	865,993	786,381
Pupil Transportation	633,392	576,014	598,024	595,326	601,006	582,690	572,520	583,938	624,806	604,219
Employee Benefits	3,563,624	3,338,266	3,437,756	3,282,740	3,530,139	3,276,665	2,759,629	2,285,201	2,041,023	1,910,356
Capital Outlay	353,523	1,705,397	394,671	244,658	702,009	181,260	229,390	3,843,575	4,298,125	663,074
Debt Service:										
Principal	745,000	625,000	600,000	605,000	530,000	525,000	530,000	500,000	515,000	445,000
Interest & Other Charges	266,440	202,757	218,337	271,780	221,951	235,907	247,607	260,413	296,025	162,563
Total Expenditures	14,460,273	15,211,360	14,416,204	13,970,835	14,604,793	13,299,875	12,591,141	15,733,326	15,565,647	11,119,514

SHAMONG TOWNSHIP SCHOOL DISTRICT
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	201,959	(1,238,891)	35,587	(336,498)	(603,697)	191,048	(129,398)	(3,834,007)	(4,084,172)	2,376,224
Other Financing Sources/(Uses):										
Food Services:										
Transfer to Cover Deficit		(3,000)	(5,000)	(5,000)	(8,000)	(26,813)	(16,604)	(39,172)	(33,275)	(44,990)
Transfers in	40,000	41,513	40,528	76,129		5,496	11,588	93,896	47,076	30,175
Transfers Out	(40,000)	(41,513)	(40,528)	(76,129)		(5,496)	(11,588)	(93,896)	(47,076)	(30,175)
Capital Reserve Transfer to Capital Projects										192,000
Capital Leases (Nonbudgeted)							150,914	214,133		(192,000)
Bond Proceeds		1,999,000		124,500		757,346				5,498,000
Proceeds of Refunding Debt									3,058,855	
Payment of Refunded Debt to Escrow Agent									(3,058,855)	
Cancel Prior Year Accounts Payables					6,701	4,071	18,401		11,770	
Total Other Financing Sources/(Uses)		1,996,000	(5,000)	119,500	(1,299)	734,604	152,711	174,961	(21,505)	5,453,010
Net Change in Fund Balances	\$201,959	757,109	30,587	(216,998)	(604,996)	925,652	23,313	(3,659,046)	(4,105,677)	7,829,234
Debt Service as a Percentage of Noncapital Expenditures	7.7%	6.5%	6.2%	6.8%	5.7%	6.2%	6.7%	6.8%	7.8%	6.2%

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	SALE OF EQUIPMENT	DONATIONS	SPORTS/ CLUB FEES	PRIOR YEAR REFUNDS	MISCELLANEOUS	TOTAL
2012	\$28,584			20,300	1,113	116,624	166,621
2011	27,970	-	-	16,500	5,648	105,326	155,444
2010	23,572	-	-	16,765	15,597	27,187	83,121
2009	18,176	-	-	18,635	20,559	15,926	73,296
2008	64,314	-	-	19,280	9,265	24,602	117,461
2007	79,077	-	-	18,160	3,717	33,725	134,679
2006	58,955	-	-	9,690	12,051	5,688	86,384
2005	32,219	516	659	9,083	9,202	20,146	71,825
2004	19,230	-	-	8,870	18,502	24,153	70,755
2003	18,093	220	-	11,126	6,161	4,828	40,428

Source: District records

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	TOTAL ASSESSED VALUE	MEMO:	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED
								TAX EXEMPT PROPERTY				ACTUAL (COUNTY EQUALIZED) VALUE
2012	\$8,155,600	601,804,000	31,048,100	2,100,500	17,930,700	2,710,800	663,749,700	45,505,300	1,774,833	665,524,533	1,980.000	711,029,837
2011	4,482,050	380,022,100	14,527,300	2,406,450	7,928,500	1,370,200	410,736,600	38,655,600	995,145	411,731,745	3.204	797,386,289
2010	4,870,250	377,772,700	13,530,900	2,427,450	7,994,900	1,370,200	407,966,400	38,180,500	1,083,133	409,049,533	3.057	795,598,407
2009	5,112,250	374,996,100	14,519,700	1,531,950	7,994,900	1,370,200	405,525,100	38,169,500	1,040,621	406,565,721	2.997	802,798,336
2008	4,870,250	377,772,700	13,530,900	2,427,450	7,994,900	1,370,200	407,966,400	38,180,500	1,083,133	409,049,533	2.926	817,755,798
2007	5,262,250	372,814,200	14,759,200	1,532,950	7,994,900	1,370,200	403,733,700	38,069,500	1,085,678	404,819,378	2.819	749,753,178
2006	5,202,250	370,185,700	14,855,800	1,648,450	7,794,900	1,370,200	401,057,300	38,344,500	1,182,448	363,895,248	2.695	663,126,408
2005	5,163,850	367,840,900	14,631,400	1,533,750	8,007,700	1,654,000	398,831,600	28,633,000	1,403,061	371,601,661	2.603	601,410,251
2004	5,245,450	360,313,800	14,816,400	1,519,850	8,007,700	1,654,000	391,557,200	37,433,200	1,681,524	355,805,524	2.534	521,690,927
2003	5,961,950	352,845,600	14,818,900	1,519,850	8,283,800	1,654,000	385,084,100	36,957,100	1,943,785	350,070,785	#REF!	468,922,210

Source: Abstract of Ratables Burlington County, Burlington County Abstract of Ratables

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

N/A - Not Available

**SHAMONG TOWNSHIP SCHOOL DISTRICT
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	REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP OF SHAMONG	BURLINGTON COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
2012	1.341	0.632	1.973	0.045	0.344	0.034	0.045	2.441
2011	2.169	1.035	3.204	0.059	0.571	0.055	0.074	3.963
2010	2.134	1.024	3.158	0.047	0.602	0.058	0.078	3.943
2009	2.068	0.989	3.057	0.047	0.625	0.060	0.081	3.870
2008	2.007	0.990	2.997	0.078	0.630	0.059	0.079	3.843
2007	1.945	0.981	2.926	0.020	0.646	0.061	0.076	3.729
2006	1.888	0.931	2.819	0.020	0.606	0.055	0.066	3.566
2005	1.746	0.949	2.695	0.020	0.578	0.051	0.061	3.405
2004	1.683	0.920	2.603	NONE	0.524	0.045	0.054	3.226
2003	1.638	0.896	2.534	NONE	0.528	0.041	0.049	3.152

Source: Burlington County Board of Taxation

**SHAMONG TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2012		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Taxpayer #1	\$2,750,900	1	0.413%
Fawn Lake LLC	1,917,400	2	0.288%
Third Garden Park LTD	1,872,700	3	0.281%
Verizon-New Jersey	1,774,837	4	0.267%
Taxpayer #5	1,415,600	5	0.213%
Taxpayer #6	1,344,900	6	0.202%
Wharton Acres LLC	1,229,600	7	0.185%
Taxpayer #8	1,070,100	8	0.161%
Taxpayer #9	985,300	9	0.148%
Road Apples, LLC	951,900	10	0.143%
Total	<u>\$15,313,237</u>		<u>2.301%</u>

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

NOT AVAILABLE

Source: Municipal Tax Assessor

**SHAMONG TOWNSHIP SCHOOL DISTRICT
TOTAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED DECEMBER 31,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2011	\$16,384,072	16,129,746	98.45%	100%
2010	16,281,962	16,038,535	98.50%	100%
2009	15,895,261	15,729,950	98.96%	100%
2008	15,698,799	15,450,230	98.42%	100%
2007	15,166,841	14,959,246	98.63%	100%
2006	14,440,190	14,249,803	98.68%	100%
2005	13,627,995	13,264,641	97.33%	100%
2004	12,915,534	12,657,087	98.00%	100%
2003	12,403,172	12,119,328	97.71%	100%
2002	11,199,261	10,960,472	97.87%	100%

Source: Municipal Financial Statements

**SHAMONG TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollars in Thousands, Except per Capita)**

FISCAL DECEMBER 31 ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT		
2012	\$6,104,346		6,104,346	N/A	N/A
2011	6,849,346	31,328	6,880,674	2.25%	1,063
2010	7,474,986	61,538	7,536,524	2.41%	1,166
2009	6,075,346	116,033	6,191,379	1.93%	921
2008	6,680,346	49,663	6,730,009	2.20%	999
2007	7,210,346	121,728	7,332,074	2.47%	1,086
2006	6,978,000	203,606	7,181,606	2.59%	1,051
2005	7,508,000	137,485	7,645,485	2.85%	1,122
2004	8,008,000	-	8,008,000	3.14%	1,180
2003	8,383,000	-	8,383,000	3.41%	1,249

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
a. See Exhibit J-14 for personal income and population data.

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	NET GENERAL BONDED DEBT OUTSTANDING		
2012	\$6,104,346	6,104,346	0.92%	N/A
2011	6,849,346	6,849,346	1.67%	1,058
2010	7,474,986	7,474,986	1.83%	1,156
2009	6,075,346	6,075,346	1.49%	904
2008	6,680,346	6,680,346	1.63%	992
2007	7,210,346	7,210,346	1.78%	1,068
2006	6,978,000	6,978,000	1.92%	1,021
2005	7,508,000	7,508,000	2.02%	1,102
2004	8,008,000	8,008,000	2.25%	1,180
2003	8,383,000	8,383,000	2.39%	1,249

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Shamong Township	\$595,708	100.000%	\$595,708
Burlington County General Obligation Debt	365,784,648	1.522%	5,567,242
Lenape Regional High School	87,649,000	3.991%	3,498,072
Subtotal, Overlapping Debt			9,661,022
Shamong Township District Direct Debt			6,104,346
Total Direct & Overlapping Debt			<u>\$15,765,368</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation

**SHAMONG TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$23,107,643	23,774,756	24,181,316	23,584,448	21,983,928	19,905,401	17,571,710	15,535,120	13,749,152	12,485,364
Total Net Debt Applicable to Limit	<u>6,104,346</u>	<u>6,849,346</u>	<u>7,474,986</u>	<u>6,075,346</u>	<u>6,680,346</u>	<u>7,210,346</u>	<u>6,978,000</u>	<u>7,508,000</u>	<u>8,008,000</u>	<u>8,383,000</u>
Legal Debt Margin	<u>\$17,003,297</u>	<u>16,925,410</u>	<u>16,706,330</u>	<u>17,509,102</u>	<u>15,303,582</u>	<u>12,695,055</u>	<u>10,593,710</u>	<u>8,027,120</u>	<u>5,741,152</u>	<u>4,102,364</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	26.42%	28.81%	30.91%	25.76%	30.39%	36.22%	39.71%	48.33%	58.24%	67.14%

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis	
	2011	\$736,087,097
	2010	756,921,442
	2009	<u>817,755,798</u>
		<u>\$2,310,764,337</u>
Average Equalized Valuation of Taxable Property		<u>\$770,254,779</u>
Debt Limit (3 % of Average Equalization Value)		\$23,107,643
Net Bonded School Debt		<u>6,104,346</u>
Legal Debt Margin		<u>\$17,003,297</u>

Source:
Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation. Limit set by N.J.S.A.18A:24-19 for K through 12 district; other % limits would be applicable for other districts.

**SHAMONG TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2011	6,473	N/A	N/A	6.8%
2010	6,466	306,430,206	47,391	9.1%
2009	6,723	312,592,608	46,496	9.1%
2008	6,736	321,125,328	47,673	3.8%
2007	6,750	306,585,000	45,420	2.7%
2006	6,833	296,313,045	43,365	3.0%
2005	6,815	277,275,090	40,686	2.8%
2004	6,785	268,116,060	39,516	3.1%
2003	6,712	254,774,096	37,958	3.4%
2002	6,612	246,164,760	37,230	3.4%
2001	6,483	239,008,761	36,867	2.3%

Source:

- (a) Population information provided by US Bureau of the Census; Population Division, 7/1/08
 - (b) Personal income calculated using population and per capita personal income
 - (c) Per Capita personal income provided by the NJ Dept of Labor and Workforce Development
 - (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development
- N/A - Information not available.

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2012		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Shamong Township School District	<u>123</u>	1	<u>N/A</u>
Total	<u><u>123</u></u>		<u><u>N/A</u></u>
	2003		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Shamong Township School District	<u>117</u>	1	<u>N/A</u>
Total	<u><u>117</u></u>		<u><u>N/A</u></u>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR**

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Teachers - General Fund	70.5	71.0	70.0	71.0	68.0	70.5	71.5	73.0	74.0	71.0
Teachers - Special Revenue						0.5	0.5			
Classroom Aides	12.0	11.5	10.0	10.0	12.0	10.0	10.5	11.0	13.0	10.0
Health Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Related Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Extraordinary Services	2.0	2.0	3.0	2.0	2.0	2.0	2.0			
Guidance - Professional	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Child Study Team	3.8	3.8	3.8	3.8	3.8	3.8	3.8	4.0	4.0	3.0
Child Study Team Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Supervisors & Other Professionals	0.2	0.2	0.2	0.2	0.2	0.2	0.2			1.0
Media Services/Technology	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General District Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administration Professional								1.0		
General Administration Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals/Assistant Principals	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Support	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Central Services - Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services - Support	2.2	2.2	1.0	1.0	1.0	2.0	2.7	3.0	3.0	4.0
Operations & Maintenance	13.5	13.5	14.0	14.0	14.0	14.0	14.2	14.0	13.0	13.0
Total	123.2	123.2	121.0	120.0	119.0	121.0	123.4	124.0	125.0	121.0

Source: District Annual Budget Statement Supporting Documentation

**SHAMONG TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	TEACHER/PUPIL RATIO ELEMENTARY	AVERAGE DAILY ENROLLMENT (ADE)-(c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2012	908	\$12,873,169	14,177	4.86%	83	1:11	900.8	862.2	-1.50%	95.71%
2011	919	12,425,325	13,520	-2.28%	83	1:11	914.5	872.7	-2.27%	95.43%
2010	936	12,949,940	13,835	1.71%	83	1:11	935.7	896.9	1.19%	95.85%
2009	943	12,827,609	13,603	-1.18%	82	1:11	924.7	886.6	0.10%	95.88%
2008	941	12,952,715	13,765	6.03%	82	1:11	923.8	894.0	-2.77%	96.77%
2007	941	12,216,473	12,982	8.91%	84	1:11	950.1	913.1	-2.64%	96.11%
2006	968	11,538,585	11,920	1.56%	86	1:11	975.9	935.4	3.77%	95.85%
2005	949	11,137,977	11,737	6.11%	89	1:11	940.4	898.4	2.71%	95.53%
2004	935	10,341,783	11,061	3.88%	90	1:9	915.6	876.6	-0.27%	95.74%
2003	914	9,731,576	10,647	3.51%	84	1:11	918.1	875.2	1.44%	95.33%

Sources: District records

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Elementary Schools:										
Indian Mills School (1920):										
Square Feet	71,029	71,029	71,029	71,029	71,029	71,029	71,029	71,029	64,494	64,494
Capacity (Students)	507	507	507	507	507	507	507	507	410	410
Enrollment (a)	478	492	515	526	510	502	539	428	396	398
Indian Mills Memorial (1991):										
Square Feet	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543
Capacity (Students)	471	471	471	471	471	471	471	471	404	404
Enrollment (a)	430	427	421	417	424	441	436	521	513	499
Other Buildings:										
Sewer Plant (1991):										
Square Feet	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189
Garage at IMS (1953):										
Square Feet	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Garage at IMMS (1993):										
Square Feet	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Number of Schools at June 30, 2012:										
Elementary =	2									
Middle School =	0									
Senior High School =	0									
Other =	3									

Source: District Long Range Facility Plan

(a) Source - NJ Dept of Education annual Application for State School Aid Report

N/A - Not Available

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

	IMS	IMMS	OTHER FACILITIES	TOTAL
2012	\$91,003	103,260	23,494	217,757
2011	99,168	91,909	23,317	214,394
2010	93,575	86,870	21,743	202,188
2009	149,338	93,477	22,369	265,184
2008	141,418	85,709	22,103	249,230
2007	92,802	74,259	25,603	192,664
2006	80,443	63,384	19,470	163,297
2005	81,679	86,333	19,374	187,386
2004	95,669	86,190	22,639	204,498
2003	71,333	66,097	19,912	157,342
Total School Facilities	<u>\$996,428</u>	<u>837,488</u>	<u>220,024</u>	<u>2,053,940</u>

Source: District records

**INSURANCE SCHEDULE
JUNE 30, 2012**

	COVERAGE	RETENTION	DEDUCTIBLE
School Package Policy (1):			
Building & Contents (All Locations)	\$150,000,000	250,000	500
Limits of Liability per Occurrence			
Boiler & Machinery	125,000,000	None	1,000
Crime	500,000	250,000	500
General Automobile Liability	10,000,000	250,000	None
School Board Legal Liability	10,000,000	100,000	None
Workers' Compensation	Statutory	250,000	None
Pollution Legal Liability	3,000,000	None	25,000
Student Accident Insurance (2)	1,000,000	None	None
Surety Bonds (3)			
Treasurer	200,000		None
Board Secretary	10,000		None
Employee Theft	10,000		500

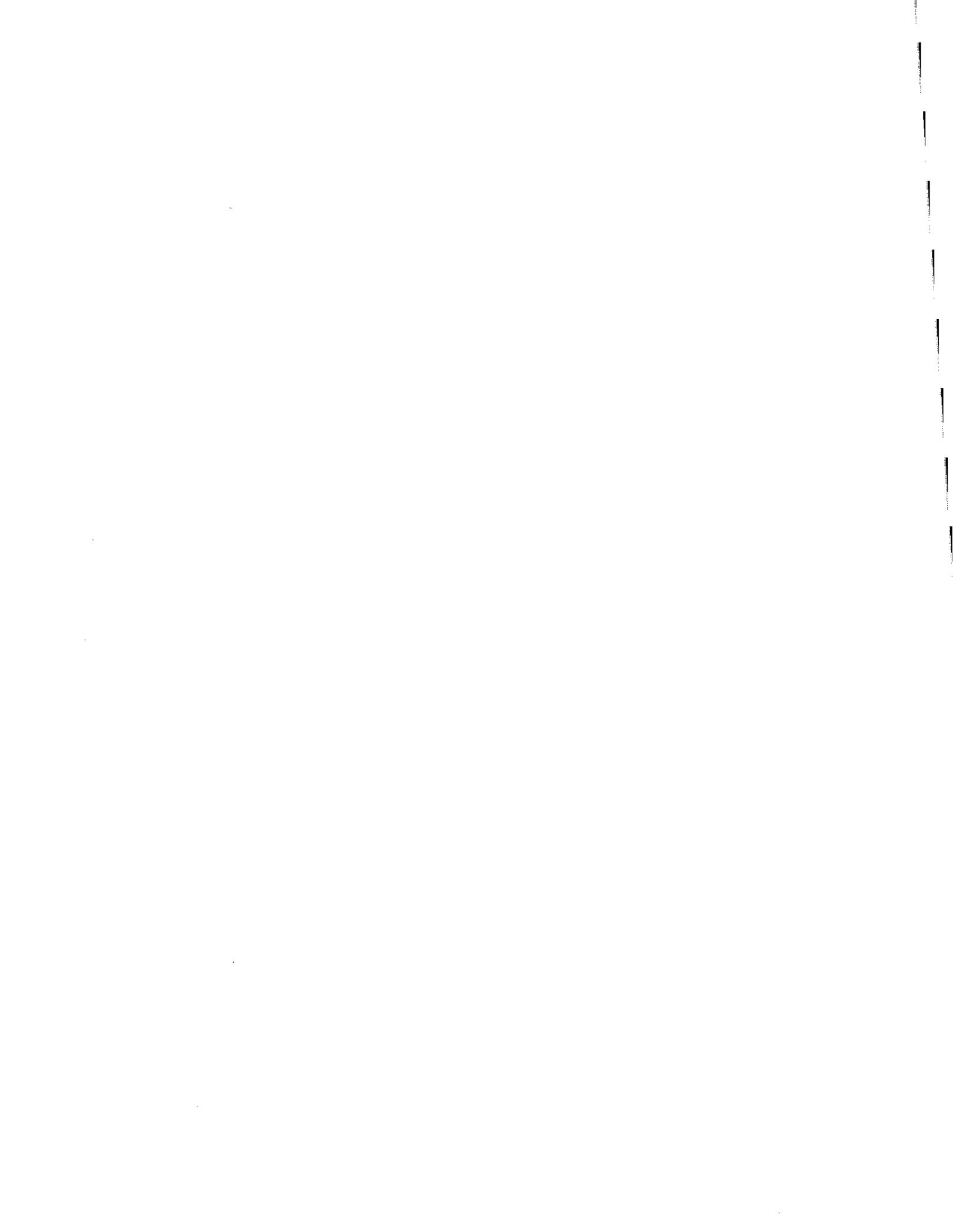
(1) Burlington County Insurance Pool Joint Insurance Fund (BCIPJIF)

(2) The Maskin Group

(3) Willis of New Jersey

Source: District records

SINGLE AUDIT SECTION





Certified Public Accountants & Consultants

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
Shamong Township School District
County of Burlington
Shamong, New Jersey 08088

We have audited the financial statements of the Board of Education of the Shamong Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated August 17, 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

Management of the Shamong Township Board of Education, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Shamong Township 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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, 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

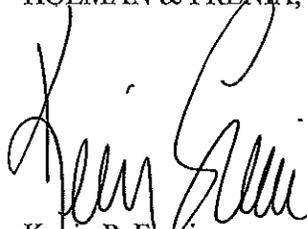
As part of obtaining reasonable assurance about whether the Shamong Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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 no instances 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.

This report is intended solely for the information of the audit committee, management, the Shamong Township 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read "Kevin P. Frenia", written over a faint, larger version of the same signature.

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

Medford, New Jersey
August 17, 2012



Certified Public Accountants & Consultants

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 Shamong Township County of Burlington Shamong, New Jersey 08088

Compliance

We have audited the compliance of Board of Education of the Shamong Township School District, in the County of Burlington, 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 to each of its major state programs for the fiscal year ended June 30, 2012. The Board of Education of the Shamong Township School District's major 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 state programs is the responsibility of Board of Education of the Shamong Township School District's management. Our responsibility is to express an opinion on Board of Education of the Shamong Township 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 state program occurred. An audit includes examining, on a test basis, evidence about Board of Education of the Shamong Township 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 Shamong Township School District's compliance with those requirements.

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

MEDFORD OFFICE 618 Stokes Road • Medford, NJ 08055 Tel: 609.953.0612 • Fax: 609.953.8443 holmanfrenia.com

TOMS RIVER OFFICE 10 Allen St., Suite 2B • Toms River, NJ 08753 Tel: 732.797.1333 • Fax: 732.797.1022 holmanfrenia.com

Internal Control Over Compliance

The management of the Board of Education of the Shamong Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Shamong Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs 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 Shamong 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.

This report is intended for the information of the management of the Board of Education of the Shamong Township 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.

Respectfully submitted,

HOLMAN & ERENIA, P. C.



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

Medford, New Jersey
August 17, 2012

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

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE			(ACCOUNTS	MEMO		
				AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	RECEIVABLE) JUNE 30, 2012	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:										
General Fund:										
Equalization Aid	12-495-034-5120-078	\$3,243,138	7/1/11-6/30/12		3,243,138	(3,243,138)		(322,894)	3,243,138	
Categorical Transportation Aid	12-495-034-5120-014	201,784	7/1/11-6/30/12		201,784	(201,784)		(20,090)	201,784	
Categorical Security Aid	12-495-034-5120-084	63,884	7/1/11-6/30/12		63,884	(63,884)		(6,360)	63,884	
Categorical Special Education Aid	12-495-034-5120-089	469,134	7/1/11-6/30/12		469,134	(469,134)		(46,708)	469,134	
Extraordinary Aid	11-495-034-5120-044	40,676	7/1/10-6/30/11	(\$40,676)	40,676					
Extraordinary Aid	12-495-034-5120-044	28,485	7/1/11-6/30/12			(28,485)	(28,485)		28,485	
Excess Non-Public Transportation Costs	11-495-034-5120-014	2,088	7/1/10-6/30/11	(2,088)	2,088					
Excess Non-Public Transportation Costs	12-495-034-5120-014	1,740	7/1/11-6/30/12			(1,740)	(1,740)		1,740	
Reimbursed TPAF Social Security	11-495-034-5095-002	430,857	7/1/10-6/30/11	(21,222)	21,222					
Reimbursed TPAF Social Security	12-495-034-5095-002	422,543	7/1/11-6/30/12		401,892	(422,543)	(20,651)		422,543	
TPAF Wage Freeze Grant	11-495-034-5095-002	8,547	7/1/10-6/30/11	(4,274)	4,274					
Teacher's Pension and Annuity Fund	12-100-034-5095-050	602,985	7/1/11-6/30/12		602,985	(602,985)			602,985	
Total General Fund Assistance					(68,260)	5,051,077	(5,033,693)	(50,876)	(396,052)	5,033,693
Capital Projects Fund:										
SCC ROD Grant	4740-050-09	560,827	7/1/09-6/30/10	(381,671)	69,351		(312,320)			
Total Capital Projects Fund Assistance					(381,671)	69,351		(312,320)		
Debt Service Fund:										
Debt Service Type II	12-495-034-5120-125	75,081	7/1/11-6/30/12		75,081	(75,081)			75,081	
Total Debt Service Fund Assistance					75,081	(75,081)			75,081	
Enterprise Fund:										
National School Lunch Program (State Share)	11-100-010-3360-067	3,156	7/1/10-6/30/11	(370)	370					
National School Lunch Program (State Share)	12-100-010-3360-067	2,834	7/1/11-6/30/12		2,700	(2,834)	(134)		2,834	
Total Enterprise Fund Assistance					(370)	3,070	(2,834)	(134)	2,834	
Total State Financial Assistance					(\$450,301)	5,198,579	(5,111,608)	(363,330)	(396,052)	5,111,608

**SHAMONG TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2012**

Note 1. General

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

Note 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. The basis of accounting is described in Note 1 to the Board's basic financial statements.

Note 3. Relationship to Basic Financial Statements

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

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 \$(27,152) for the general fund and \$-0- 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:

SHAMONG TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2012

Note 3. Relationship to Basic Financial Statements (continued):

	State
General Fund	\$5,006,541
Debt Service Fund	75,081
Food Service Fund	<u>2,834</u>
Total Financial Assistance	<u>\$5,084,456</u>

Note 4. Relationship to State Financial Reports

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

Note 5. Other

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. State Loans Outstanding

The Shamong Township Board of Education had no loan balances outstanding at June 30, 2012.

**SHAMONG TOWNSHIP BOARD OF EDUCATION
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?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	No

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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?	No
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	No

Identification of major programs:

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

**SHAMONG TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

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 – 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

**SHAMONG TOWNSHIP BOARD OF EDUCATION
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.

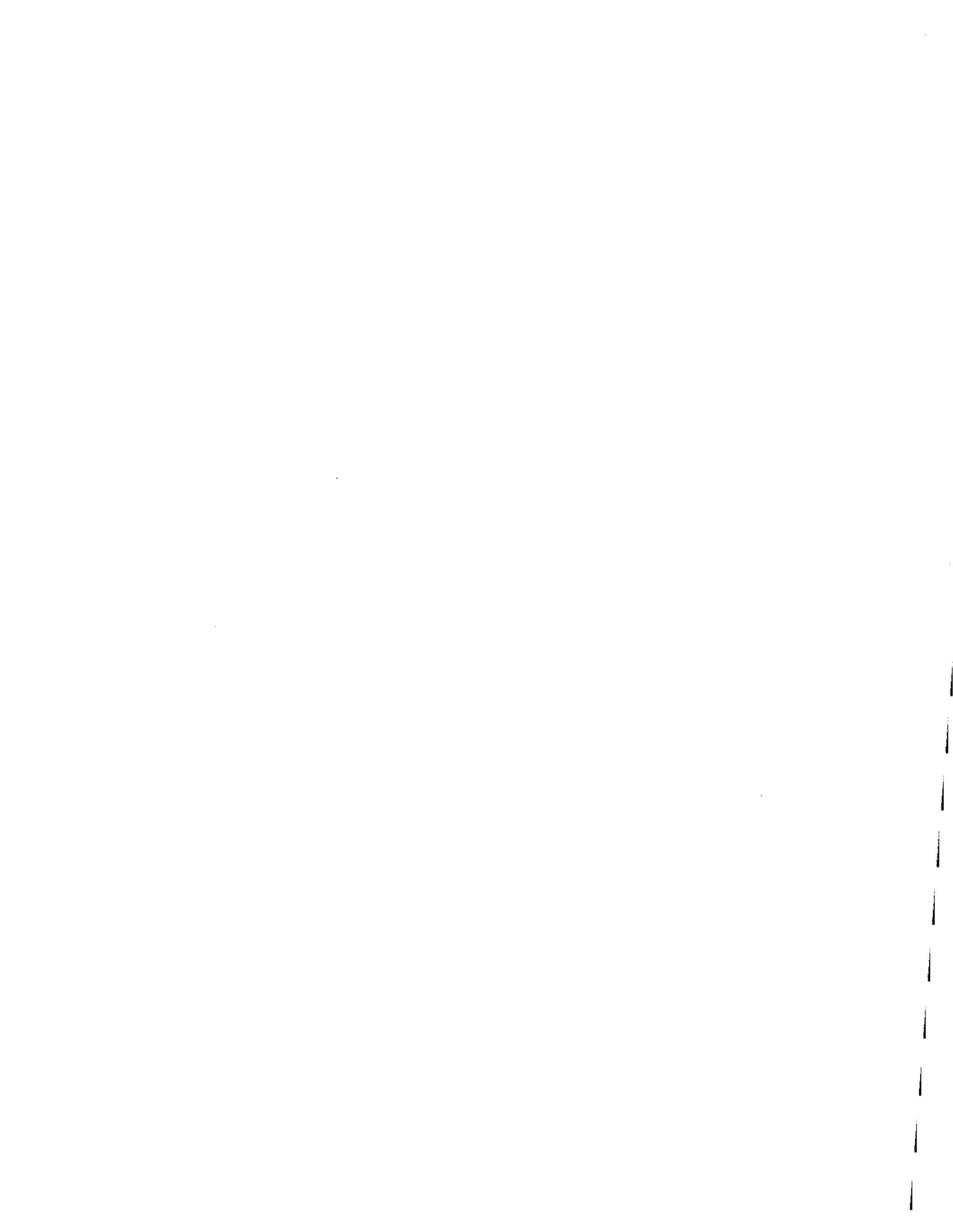
No Prior Year Findings



**SCHOOL DISTRICT OF
SHAMONG TOWNSHIP**

SHAMONG BOARD OF EDUCATION
Shamong, New Jersey
County of Burlington

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
for the Year Ended June 30, 2012**



**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

TABLE OF CONTENTS

	PAGE
Report of Independent Auditors - Auditor's Management Report on Administrative Findings, Financial Compliance and Performance	1
Scope of Audit	2
Administrative Practices and Procedures:	
Insurance	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	
Examination of Claims	2
Payroll Account	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
Elementary & Secondary School Education Act (E.S.E.A.), as amended by the Improving America's Schools Act of 1994 (I.A.S.A.)	3
Other Special Federal and/or State Project	4
T.P.A.F. Reimbursement	4
Demonstrably Effective Program Accounting	N/A
School Purchasing Programs:	
Contracts & Agreements Requiring Advertisement for Bids	4
School Food Service	5
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	N/A
Miscellaneous	N/A
Follow-up on Prior Year Findings	7
Acknowledgment	7
Additional Information:	
Schedule of Audited Enrollments	8
Application for State School Aid Summary (ASSA)	9
Excess Surplus Calculation	11



Certified Public Accountants & Consultants

**REPORT OF INDEPENDENT AUDITORS
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE**

Honorable President and Members
of the Board of Education
Shamong Township
County of Burlington
Shamong, New Jersey 08088

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Shamong Township School District in the County of Burlington for the year ended June 30, 2012, and have issued our report thereon dated August 17, 2012.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Shamong Township Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over the printed name.

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

Medford, New Jersey
August 17, 2012



Certified Public Accountants & Consultants

Honorable President and Members
of the Board of Education
Township of Shamong
County of Burlington
Shamong, New Jersey 08088

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary and Treasurer of School Moneys, the activities of the Board of Education, the records of the Athletic Fund, the Student Activity Fund, Food Service Fund and Special Revenue Fund under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Official Bonds

Name	Position	Amount
Michael Mados	Business Administrator/Board Secretary	\$ 10,000
Kathryn Taylor	Treasurer	200,000

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review indicated the following:

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary.

Salary withholdings were promptly remitted to the proper agencies.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C.6A:23-1.2* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Petty Cash Funds

In accordance with *N.J.A.C.6:20-2a.8* "a district board of education may establish on July 1 of each year, or as needed, a cash fund or funds for the purpose of making immediate payments of comparatively small amounts".

Unemployment Account

Effective January 1, 1999, a portion of the employees deductions for unemployment compensation are required to be deposited in the Unemployment Compensation Insurance Trust Fund.

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary were found to be in satisfactory condition.

Treasurer's Records

The records maintained by the treasurer were found to be in satisfactory condition.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001.

The E.S.E.A./N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II, IV, and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A located in the Auditor's Management Report and Schedule B located in the CAFR.

Our audit of the Federal and State funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A.18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the website <http://www.state.nj.us/njded/pscl/index.html>.

N.J.S.A.18A:18A-3 states:

- a) "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipts of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971, c.198 (C.40A:119) the board of education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b) Commencing in the fifth year after the year in which P.L. 1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2 (pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A.18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board

School Purchasing Programs (continued):

of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to *N.J.S.A.18A:18A-3* except by contract or agreement.”

Effective July 1, 2010 and thereafter the bid thresholds in accordance with *N.J.S.A.18A:18A-2* and *18A:18A-3(a)* are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.18A:39-3* is currently \$17,500. The Shamong Township Board of Education currently has a Qualified Purchasing Agent.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year (contract year for July 1, 2010 and thereafter). Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A.18A:18A-4*.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

School Food Service (continued):

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education.

The cash disbursements records reflected expenditures for program related goods and services. Districts with food service management companies are depositing and expending program monies in accordance with *N.J.S.A.18A:17-34*, and *19-1* through *19-4.1*. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the school food service. Net cash resources did not exceed three months average expenditures.

Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G.

Student Body Activities

The Board adopted a policy, which effectively established the regulation of all student activity funds.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2011 application for State School Aid (A.S.S.A.) for On-Roll, private schools for the handicapped, bilingual and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of On Roll status reported in the 2011-2012 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-up on Prior Years' Findings

There were no prior year findings.

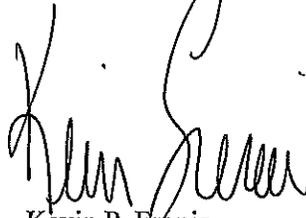
Acknowledgment

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions concerning our comments or should you desire any assistance, please call me.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

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

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

Medford, New Jersey
August 17, 2012

ADDITIONAL INFORMATION

**SHAMONG TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2011	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	JUNE 30, 2012	
								(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
Food Distribution Program	10.550	\$17,965	9/1/11-8/31/12			13,934	(17,965)	(4,031)	
Food Distribution Program	10.550	15,598	9/1/10-8/31/11	(\$3,727)		3,727			
National School Lunch Program	10.555	43,605	9/1/11-8/31/12			41,479	(43,605)	(2,126)	
National School Lunch Program	10.555	38,614	9/1/10-8/31/11	(\$2,356)		2,356			
Total U.S. Department of Agriculture				(6,083)		61,496	(61,570)	(6,157)	
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
Education Jobs Fund	84.410	148,893	9/1/11-8/31/12			148,893	(148,893)		
Total General Fund Assistance						148,893	(148,893)		
N.C.L.B.:									
Title I	84.010A	17,416	9/1/10-8/31/11	(8,092)		18,653	(10,561)		
Title I	84.010A	18,681	9/1/11-8/31/12			888	(9,708)	(8,820)	
Title IIA	84.281A	15,456	9/1/10-8/31/11	(11,707)		16,260	(4,553)		
Title IIA	84.281A	14,945	9/1/09-8/31/10	(708)		708			
Title IIA	84.281A	13,996	9/1/11-8/31/12			11,494	(13,996)	(2,502)	
Title IID	84.281A	34	9/1/10-8/31/11	(1,117)		34		(1,083)	
Title IV	84.186A	1,567	9/1/09-8/31/10	(1,390)				(1,390)	
Title IV	84.186A	1,599	9/1/08-8/31/09	(209)				(209)	
I.D.E.A. Part B, Basic Regular	84.027	214,334	9/1/10-8/31/11	(176,531)		191,123	(14,592)		
I.D.E.A. Part B, Basic Regular	84.027	208,670	9/1/11-8/31/12			143,935	(169,706)	(25,771)	
I.D.E.A. Preschool Program	84.173A	11,001	9/1/09-8/31/10	(11,001)		11,001			
I.D.E.A. Preschool Program	84.173A	11,381	9/1/11-8/31/12			11,381	(11,381)		
I.D.E.A. Part B - A.R.R.A	84.391	193,386	9/1/09-8/31/10	(5,274)		5,274			
Total Special Revenue Fund Assistance				(216,029)		410,751	(234,497)	(39,775)	
Total U.S. Department of Education				(216,029)		559,644	(383,390)	(39,775)	
Total Federal Financial Assistance				(\$222,112)	-	621,140	(444,960)	(45,932)	-

SCHEDULE OF AUDITED ENROLLMENTS (1)

SHAMONG TOWNSHIP BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2011

	<u>2012-2013 Application for State School Aid</u>						<u>Sample for Verification</u>						<u>Private Schools for Disabled</u>			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on	Sample		
	A.S.S.A.		Workpapers				Selected from		Registers		Registers		A.S.S.A. as	for		
	On Roll	On Roll	On Roll	On Roll	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private	Verifi-	Sample	Sample
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verific	Errors
Half Day Kindergarten	70		70				15		15							
Full Day Kindergarten	13		13				12		12							
One	69		69				25		25							
Two	93		93				25		25							
Three	95		95				25		25							
Four	93		93				25		25							
Five	87		87				25		25							
Six	100		100				25		25							
Seven	105		105				25		25							
Eight	91		91				25		25							
Subtotal	816		816				227		227							
Special Ed - Elementary	45		45				2		2							
Special Ed - Middle School	39		39				3		3				1	1	1	
Totals	900		900				232		232				1	1	1	

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS (2)

SHAMONG TOWNSHIP BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2011

	Resident Low Income			Sample for Verification		Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
	Half Day Kindergarten										
Full Day Kindergarten	2	2		2	2						
One	10	10		7	7	1	1		1	1	
Two	9	9		6	6						
Three	7	7		7	7						
Four	8	8		6	6						
Five	6	6		6	6						
Six	6	6		6	6						
Seven	6	6		6	6						
Eight	8	8		5	5						
Subtotal	62	62		51	51	1	1		1	1	
Special Ed - Elementary	9	9		5	5						
Special Ed - Middle	5	5		1	1						
Totals	76	76		57	57	1	1		1	1	

Percentage Error

=====

Transportation

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	520	520		150	150	
Reg -SpEd, col. 4	77	77		25	25	
Transported - Non-Public, col. 5	33	33		12	12	
Special Ed Spec, col. 6	10	10		10	10	
Totals	640	640		197	197	

Percentage Error

=====

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2011-2012 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 12,873,169 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)
Decrease by:	
On-Behalf TPAF Pension & Social Security	\$ (1,025,528) (B2a)
Assets Acquired Under Capital Leases	\$ _____ (B2b)
Adjusted 2011-2012 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>11,847,641</u> (B3)
2% of adjusted 2011-2012 General Fund Expenditures [(B3) times .02]	\$ 236,953 (B4)
Enter Greater of (B4) or \$250,000	\$ <u>250,000</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>4,476</u> (K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ <u>254,476</u> (M)

SECTION 2

Total General Fund - Fund Balance @6-30-2012 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>1,895,050</u> (C)
Decreased by:	
Year-End Encumbrances	\$ _____ (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ (562,464) (C3)
Other Restricted Fund Balances ****	\$ <u>(241,000)</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>(59,864)</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>1,031,722</u> (U1)

REGULAR DISTRICT (continued):

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U2)-(M)] IF NEGATIVE ENTER -0- \$ 777,246 (E)

Recapitulation of excess surplus as of June 30, 2012

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** \$ 562,464 (C3)

Reserved Excess Surplus *** [(E)] \$ 777,246 (E)

Total {(C3)+(E)} \$ 1,339,710 (D)

Footnotes:

* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid, Additional Nonpublic School Transportation Aid and Unbudgeted TPAF Wage Freeze Grant Funding. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid \$ _____ (H)

Sale & Lease-back \$ _____ (I)

Extraordinary Aid \$ 2,736 (J1)

Additional Nonpublic School Transportation Aid \$ 1,740 (J2)

Total Adjustments [(H)+(I)+J1)+(J2)] \$ 4,476 (K)

** This amount represents the June 30, 2011 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2012 CAFR and must agree to Audit Summary Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government such as the judicial branch of government must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal \$ _____

Capital Outlay for a District With a Capital Outlay Cap Waiver \$ _____

Sale/Lease-Back Reserve \$ _____

Capital Reserve \$ _____

Maintenance Reserve \$ 45,000

Emergency Reserve \$ 196,000

Waiver Offset Reserve \$ _____

Tuition Reserve \$ _____

Other State/Government Mandated Reserve \$ _____

[Other Restricted Fund Balance Not Noted Above] **** \$ _____

Total Other Restricted Fund Balance \$ 241,000 (C4)