

SHAMONG TOWNSHIP SCHOOL DISTRICT

Shamong, New Jersey

County of Burlington

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SHAMONG TOWNSHIP SCHOOL DISTRICT

SHAMONG, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

Shamong Township Board of Education  
Finance Department



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## INTRODUCTORY SECTION

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

Christine Vespe  
Superintendent  
Tel. 609-268-0120  
Fax. 609-268-1229

Laura Archer  
School Business Administrator/  
Board Secretary  
Tel. 609-268-0316  
Fax. 609-268-1229

November 23, 2016

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, 2016, 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 requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. 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-K 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> |
|--------------------|---------------------------|-----------------------|
| 2015-2016          | 772.5                     | -3.2%                 |
| 2014-2015          | 798.5                     | -4.4%                 |
| 2013-2014          | 833.8                     | -7.4%                 |
| 2012-2013          | 895.6                     | -0.6%                 |
| 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%                 |

**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: Major initiatives in the area of instruction included:

Grades 6-8 Science teachers were extensively trained with NGSS expectations. The 6-8 Science curriculum was rewritten to reflect the change in standards. Teachers in grades K-5 were introduced to the new standards that are slated to be implemented in 2007-18.

The Pre-School Education Program was overhauled and expanded last year to include 2 full day rooms - one 3 year old classroom and one 4 year old classroom. We worked to ensure that both classrooms were updated and aligned to the ECERS-3 rubric. This included rearranging the space, maximizing learning centers and including multi-sensory opportunities for our students to learn. While utilizing the Creative Curriculum, STEM kits were also purchased as well as materials to support social and emotional learning. Report cards were aligned to the Pre-K learning standards and lessons were adapted that included several standards at once through unit designs. Several trainings were attended at the LRC to implement these initiatives with fidelity.

Implementation/training of teacher and student technology and training for both the Stronge Evaluation System and PARCC assessment platforms continued to be a focus.

Grades 3-4 began the implementation of Journeys Language Arts Program, a continuation of Grade 5 which was implemented last year. Training and support was given through the year for the shift to using online components for ELA testing.

Further development was given to the following programs/activities: Foundations K-2, Leveled Literacy Reading Program in RTI, Math in Focus Elementary, and PARCC data analysis for Math & ELA.

Academic Support 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 to support unique educational projects including; 3D STEM-ology, Hands-On Geometry, Little Bits Big Learning. The Home and School Association continues to fund resources to teachers for items not included in the school budget.

Facilities: The district continues to complete the approved ROD Grants from the previous year, which focused on upgrading security, climate control, and door replacement. Additionally, each building hallway was given a fresh coat of paint, a new K-2 playground was installed at IMS, and two rooms were re-configured to accommodate our full day pre-school program.

**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 5.

**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, 2016.

| <u>Revenue</u>  | <u>Amount</u>       | <u>Percent of Total</u> |
|-----------------|---------------------|-------------------------|
| Local Sources   | \$ 9,664,282        | 61.86%                  |
| State Sources   | 6,193,568           | 36.45%                  |
| Federal Sources | <u>264,839</u>      | <u>1.69%</u>            |
| Total           | <u>\$16,122,689</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, 2016.

| <u>Expenditures</u> | <u>Amount</u>       | <u>Percent of Total</u> |
|---------------------|---------------------|-------------------------|
| Current Expense:    |                     |                         |
| Instruction         | \$ 5,507,203        | 33.58%                  |
| Undistributed       | 8,247,086*          | 50.29%                  |
| Capital Outlay      | 1,468,095           | 8.95%                   |
| Special Revenue     | 320,816             | 1.96%                   |
| Debt Service        | <u>856,815</u>      | <u>5.22%</u>            |
| Total               | <u>\$16,400,015</u> | <u>100.00%</u>          |

\*This figure includes \$412,509 for State reimbursement of TPAF social security and \$999,176 for State contributions to TPAF pensions, both of which are unbudgeted expenses and revenues.

**8) DEBT ADMINISTRATION:** At June 30, 2016 the District's outstanding debt issues included \$2,814,600 of general obligation bonds and \$950,880 of capital leases.

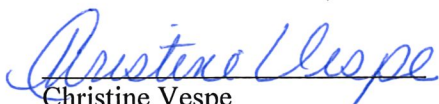
**9) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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 2015-2016 school year.

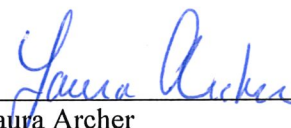
**11) OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of

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 Allison 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 Uniform Guidance and New Jersey OMB's circular 15-08. 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,



Christine Vespe  
Superintendent



Laura Archer  
Business Administrator/Board Secretary

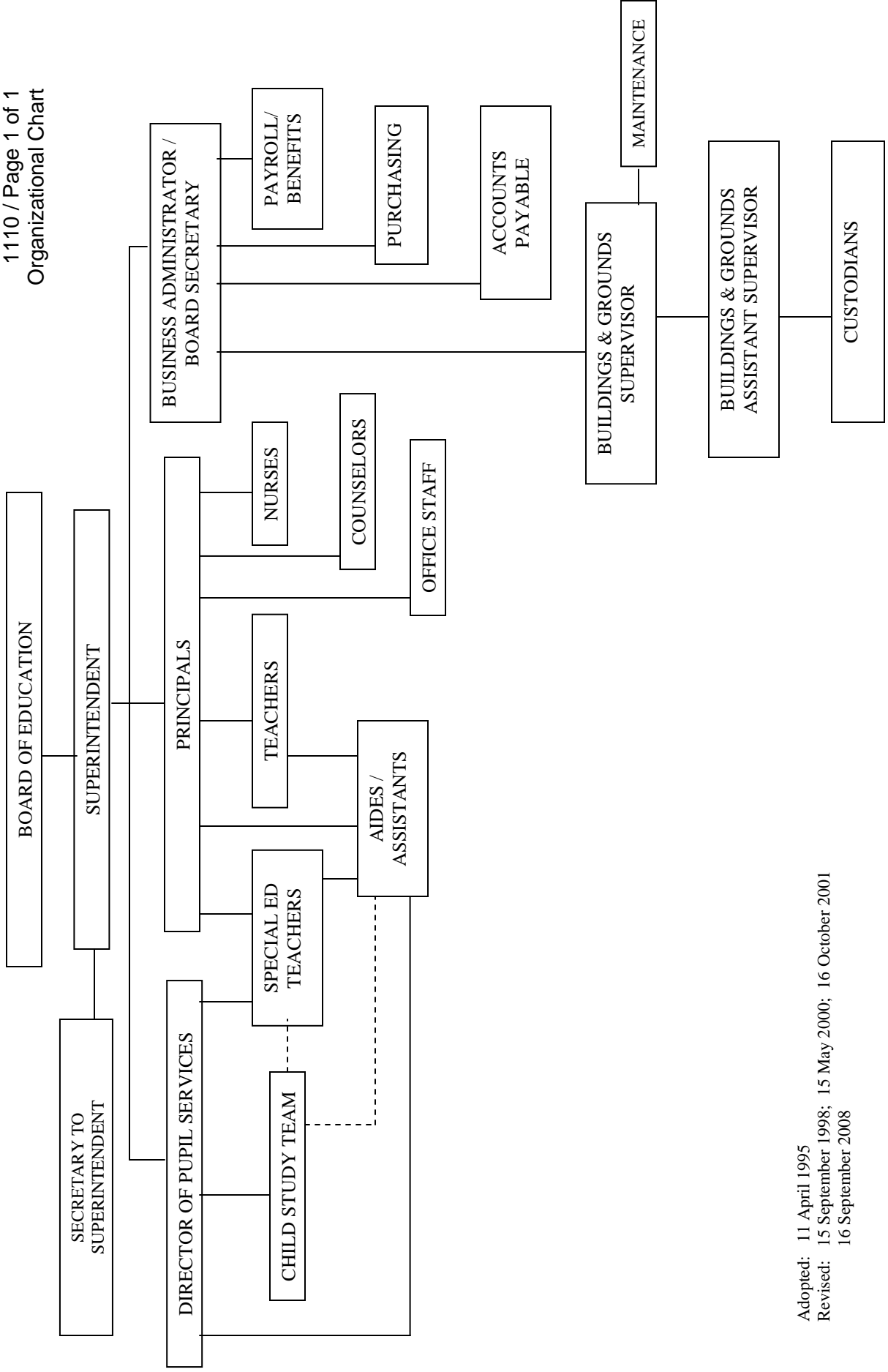
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# POLICY

## SHAMONG TOWNSHIP BOARD OF EDUCATION

ADMINISTRATION  
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Organizational Chart



Adopted: 11 April 1995  
Revised: 15 September 1998; 15 May 2000; 16 October 2001  
16 September 2008

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SHAMONG TOWNSHIP SCHOOL DISTRICT  
295 Indian Mills Road  
Shamong, New Jersey 08088

ROSTER OF OFFICIALS

JUNE 30, 2016

| MEMBERS OF THE BOARD OF EDUCATION | TERM EXPIRES |
|-----------------------------------|--------------|
| Melissa Ciliberti, President      | 2017         |
| Michael Tuman, Vice President     | 2018         |
| Jeffrey Siedlecki, Jr.            | 2016         |
| Susan Daniels                     | 2017         |
| Jeffrey Warner                    | 2016         |

OTHER OFFICIALS

Christine Vespe, Superintendent

Laura Archer, Business Administrator/Board Secretary

Richard Kaz, Treasurer

Frank P. Cavallo, Jr., Solicitor, Parker McCay

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SHAMONG TOWNSHIP SCHOOL DISTRICT  
295 Indian Mills Road  
Shamong, New Jersey 08088

CONSULTANTS AND ADVISORS

INSURANCE BROKER

Burlington County Joint Insurance Fund ("JIF")

AUDIT FIRM

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

ATTORNEY

Frank P. Cavallo., Jr.  
Parker McCay  
9000 Midlantic Drive, Suite 300  
Mt. Laurel, New Jersey 08054

OFFICIAL DEPOSITORY

TD Bank  
Philadelphia, PA 19106

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FINANCIAL SECTION

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HOLMAN | FRENIA  
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800  
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639  
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090  
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090  
[www.hfacpas.com](http://www.hfacpas.com)

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Shamong Township Public School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Shamong Township Public School District, County of Burlington, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedules related to accounting and reporting for pensions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shamong Township Public School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying

combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2016 on our consideration of the Shamong Township Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shamong Township Public School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey  
November 23, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The Discussion and Analysis (MD&A) of Shamong Township School District’s (the District) financial performance provides an overall review of the District financial activities for the fiscal year ended on June 30, 2016. The intent of this discussion and analysis is to look at the District’s financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District’s financial performance. Certain comparative information between the current fiscal year (2015-2016) and the prior fiscal year (2014 -2015) is required and is presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2016 fiscal year are as follows:

- The overall General Fund balance increased \$392,778 from the prior fiscal year to \$2,675,355 .
- At the conclusion of the fiscal year, the district’s Unassigned General Fund balance is \$(112,767). The amount of unassigned general fund balance is absent two State aid payments for Fiscal Year 2016 that are traditionally paid in June but now paid in July. The absent State aid payments amount to \$420,515. If these two State aid payments were received or recorded as receivable at fiscal year-end June 30, 2016 then the unassigned general fund balance would be \$255,922. Please note that Chapter 73, Public Law of 2004 (“S1701”) limits the amount of unassigned fund balance to 2% of the adjusted 2015-16 General Fund Expenditures.
- The Food Service Enterprise Fund is reporting a change in net position of \$(3,637). This fund continues to be self-sustaining.

**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 specific financial activities.

The focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing of service that can be provided by the governmental along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District’s finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Shamong Township School District, the general fund is by far the most significant fund.

This document contains the large number of funds used by the District to provide programs and activities. The view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2016?” The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. These bases of accounting takes into account all of the current year’s revenues and expenses, regardless of when cash is received or paid.

These two statements report the school district’s net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the 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 District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and others.

In the Statement of Net Position and the Statement of Activities, the school district is divided into two distinct kinds of activities:

- ◆ Governmental Activities – All of the District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis in order to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

## **Reporting the School District’s Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. The District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

### **Governmental Funds**

The District’s activities are reported in 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 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 District’s general government operations and the basic services it provides. Governmental funds information help 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 differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **Proprietary Funds**

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



## **Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government entity. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The District uses trust and agency funds to account for resources held for payroll transactions, student activities, and for the District's unemployment trust fund.

## **Notes to the Government-wide Financial Statements**

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

## **The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the school district as a whole. Net position may serve over time as a useful indicator of a 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 position for fiscal year 2016.

**TABLE 1**  
**BOARD OF EDUCATION**  
**TOWNSHIP OF SHAMONG, COUNTY OF BURLINGTON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

|   | Governmental<br>Activities | Business- Type<br>Activities | TOTALS<br>2016      |
|---|----------------------------|------------------------------|---------------------|
| <b>Assets:</b>                                      |                            |                              |                     |
| Current & Other Assets                              | \$ 3,247,034               | \$ 34,307                    | \$ 3,281,341        |
| Capital Assets                                      | 12,179,924                 | 23,987                       | 12,203,911          |
| Total Assets  | <u>15,426,958</u>          | <u>58,294</u>                | <u>15,485,252</u>   |
| <b>Deferred Outflow of Resources:</b>               |                            |                              |                     |
| Deferred Outflows Related to Pensions               | 909,669                    | -                            | 909,669             |
| Deferred Charges of Refunding of Debt               | 18,803                     | -                            | 18,803              |
| Total Deferred Outflow of Resources                 | <u>928,472</u>             | <u>-</u>                     | <u>928,472</u>      |
| Total Assets and Deferred Outflow of Resources      | <u>16,355,430</u>          | <u>58,294</u>                | <u>16,413,724</u>   |
| <b>Liabilities:</b>                                 |                            |                              |                     |
| Long-Term Liabilities Outstanding                   | 8,843,400                  | -                            | 8,843,400           |
| Other Liabilities                                   | 24,904                     | 17,522                       | 42,426              |
| Total Liabilities                                   | <u>8,868,304</u>           | <u>17,522</u>                | <u>8,885,826</u>    |
| <b>Deferred Inflows of Resources:</b>               |                            |                              |                     |
| Deferred Inflows Related to Pensions                | 75,568                     | -                            | 75,568              |
| Total Deferred Inflow of Resources                  | <u>75,568</u>              | <u>-</u>                     | <u>75,568</u>       |
| Total Liabilities and Deferred Inflow of Resources: | <u>8,943,872</u>           | <u>17,522</u>                | <u>8,961,394</u>    |
| <b>Net Position</b>                                 |                            |                              |                     |
| Net Investment in Capital Assets                    | 8,326,384                  | 23,987                       | 8,350,371           |
| Restricted  | 3,334,897                  | -                            | 3,334,897           |
| Unrestricted  | (4,249,723)                | 16,785                       | (4,232,938)         |
| Total Net Position                                  | <u>\$ 7,411,558</u>        | <u>\$ 40,772</u>             | <u>\$ 7,452,330</u> |

As noted earlier, the District's Net Position may serve over time as a useful indicator of a government's financial position. The largest portion of the District's Net Position (112.3 percent) reflects its net 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 Position (50.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position may be used to meet the government's ongoing obligations.

Table 2 shows changes in net position for fiscal year 2016.

**Table 2**

**BOARD OF EDUCATION  
TOWNSHIP OF SHAMONG, COUNTY OF BURLINGTON  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | Governmental<br>Activities | Business-<br>Type<br>Activities | Total               |
|---|----------------------------|---------------------------------|---------------------|
| General Revenues:                           |                            |                                 |                     |
| Property Taxes, Levied For General Purposes | \$ 9,285,085               | \$ -                            | \$ 9,285,085        |
| Federal/State Aid Not Restricted            | 4,725,906                  | -                               | 4,725,906           |
| Other Revenues                              | 3,899,665                  | 255,154                         | 4,154,819           |
| <b>Total revenues</b>                       | <b>17,910,656</b>          | <b>255,154</b>                  | <b>18,165,810</b>   |
| Expenses:                                   |                            |                                 |                     |
| Instruction Services                        | 5,805,985                  | -                               | 5,805,985           |
| Support Services                            | 10,188,411                 | -                               | 10,188,411          |
| Interest on Long-Term Debt                  | 133,714                    | -                               | 133,714             |
| Unallocated Loss on Disposal of Assets      | 56,479                     | -                               | 56,479              |
| Depreciation Expense                        | 730,202                    | -                               | 730,202             |
| Food Service Operations                     | -                          | 258,791                         | 258,791             |
| <b>Total Expenses</b>                       | <b>16,914,791</b>          | <b>258,791</b>                  | <b>17,173,582</b>   |
| Change in Net Position                      | 995,865                    | (3,637)                         | 992,228             |
| Net Position, July 1, as restated           | 6,415,693                  | 44,409                          | 6,460,102           |
| Net Position, June 30,                      | <b>\$ 7,411,558</b>        | <b>\$ 40,772</b>                | <b>\$ 7,452,330</b> |

The District's total governmental activities revenues were \$17,910,656 for the year ended June 30, 2016.

**Revenues by Source - Governmental Funds**

|   |             |
|---|-------------|
| Property Taxes, Levied For General Purposes | 52%         |
| Federal/State Aid Not Restricted            | 26%         |
| Other Revenues                              | <u>22%</u>  |
| Total                                       | <u>100%</u> |

**Expenses by Source - Governmental Funds**

|                            |             |
|----------------------------|-------------|
| Instruction Services       | 34%         |
| Support Services           | 60%         |
| Interest on Long-Term Debt | 1%          |
| 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 \$3,637.

**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 \$16,122,689 and expenditures were \$16,400,015. The net change in overall fund balance for the year was an increase of \$277,326.

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, 2016 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<br/>Of Total</u> | <u>Increase/<br/>(Decrease)<br/>From 2015</u> | <u>Percent of<br/>Increase/<br/>(Decrease)</u> |
|-----------------------|---------------------|-----------------------------|---|--|
| Local Sources         | \$ 9,664,282        | 60%                         | \$ 423,634                                    | 5 %  |
| State/Federal Sources | <u>6,458,407</u>    | <u>40%</u>                  | <u>638,471</u>                                | 11 %   |
| Total                 | <u>\$16,122,689</u> | <u>100%</u>                 | <u>\$1,062,105</u>                            |  |

The increase in local revenue was due to an increase in local tax levy. State revenues to support district operations increased from the previous year. State TPAF pension contributions increased and social security contributions (non-budgeted revenues) decreased.

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, 2016, 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 2015</u> | <u>Percent of Increase/ (Decrease)</u> |
|---------------------|---------------------|-------------------------|---------------------------------------|--|
| Current Expense:    |                     |                         |                                       |  |
| Instruction         | \$5,805,985         | 35%                     | \$ 50,206                             | 1%                                     |
| Undistributed       | 8,269,120           | 50%                     | 324,963                               | 4%                                     |
| Capital Outlay      | 1,468,095           | 9%                      | 1,261,947                             | 612%                                   |
| Debt Service:       |                     |                         |                                       |  |
| Principal           | 740,000             | 5%                      | (107,346)                             | (13)%                                  |
| Interest            | 116,815             | 1%                      | (23,010)                              | (16)%                                  |
| <b>Total</b>        | <b>\$16,400,015</b> | <b>100%</b>             | <b>\$1,506,760</b>                    |  |

Changes in expenditures were the result of varying factors. Current expense increased due to contractual salary increases and maintenance and utility costs. 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,<br>2016 | June 30,<br>2015 | Difference |
|------------------------------|------------------|------------------|------------|
| Governmental Funds:          |                  |                  |            |
| General Fund                 | \$2,675,355      | \$2,282,577      | \$392,778  |
| Capital Projects Fund        | 571,424          | 1,241,528        | (670,104)  |
| Debt Service Fund            | 3                | 3                | -          |
| Business-type Activities:    |                  |                  |            |
| Food Service Enterprise Fund | \$ 40,772        | \$ 44,409        | \$ (3,637) |

The \$392,778 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 increase in revenue over expenses.

## CAPITAL ASSETS

At the end of the fiscal year 2016, the School District had \$12,179,924 invested in land, buildings, furniture, equipment, and vehicles.

Land and Construction-in-Progress are not depreciated.

Additional information on the District's capital assets can be found in Note 5 of the basic financial statements.

## DEBT ADMINISTRATION

In the governmental funds, at June 30, 2016, the School District had \$8,843,400 of outstanding debt. Of this amount \$264,217 is for compensated absences, \$1,499,000 for school bonds issued on 8/26/10, \$1,315,000 for school refunding bonds issued on 11/15/12, \$950,880 for Lease Purchase Agreement, \$4,700,040 for Net Pension Liability, \$107,463 of Bond Premium and \$6,800 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 3.5 percent of its equalized valuation basis. The current debt limitation for the District is \$23,226,974, 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 6 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 Board of Education 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 increase in the School District's operating budget is mostly due to contractual salaries and capital improvements and the lack of adequate state funding and federal revenues will inevitably result in increased property taxes.

In conclusion, the Shamong Township Board of Education 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 additional information is needed, kindly contact Mrs. Laura Archer, School Business Administrator/Board Secretary, at the Shamong Board of Education, 295 Indian Mills Road, Shamong, NJ 08088.

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**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**SHAMONG TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

| ASSETS  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-<br>TYPE<br>ACTIVITIES | TOTALS<br><u>          </u><br>JUNE 30,<br>2016 |
|---|----------------------------|---------------------------------|---|
| Cash & Cash Equivalents                             | \$ 3,000,172               | \$ 13,582                       | \$ 3,013,754                                    |
| Receivables, Net                                    | 247,062                    | 18,082                          | 265,144   |
| Inventory   |                            | 2,643                           | 2,643   |
| Capital Assets, Non-Depreciable (Note 5)            | 2,330,751                  | -                               | 2,330,751                                       |
| Capital Assets, Depreciable (Note 5)                | 9,849,173                  | 23,987                          | 9,873,160                                       |
|   |                            |                                 |   |
| Total Assets  | 15,427,158                 | 58,294                          | 15,485,452                                      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                            |                                 |   |
| Deferred Outflows Related to Pensions               | 909,669                    | -                               | 909,669   |
| Deferred Charges of Refunding of Debt               | 18,803                     | -                               | 18,803  |
|   |                            |                                 |   |
| Total Deferred Outflows of Resources                | 928,472                    | -                               | 928,472   |
|   |                            |                                 |   |
| Total Assets and Deferred Outflows of Resources     | 16,355,630                 | 58,294                          | 16,413,924                                      |
| <b>LIABILITIES</b>                                  |                            |                                 |   |
| Accrued Interest                                    | 24,652                     | -                               | 24,652  |
| Accounts Payable                                    | 450                        | 17,522                          | 17,972  |
| Unearned Revenue                                    | 2                          | -                               | 2   |
| Noncurrent Liabilities (Note 7):                    |                            |                                 |   |
| Due Within One Year                                 | 1,043,846                  | -                               | 1,043,846                                       |
| Due Beyond One Year                                 | 7,799,554                  | -                               | 7,799,554                                       |
|   |                            |                                 |   |
| Total Liabilities                                   | 8,868,504                  | 17,522                          | 8,886,026                                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                            |                                 |   |
| Deferred Inflows Related to Pensions                | 75,568                     | -                               | 75,568  |
|   |                            |                                 |   |
| Total Deferred Inflows of Resources                 | 75,568                     | -                               | 75,568  |
|   |                            |                                 |   |
| Total Liabilities and Deferred Inflows of Resources | 8,944,072                  | 17,522                          | 8,961,594                                       |
| <b>NET POSITION</b>                                 |                            |                                 |   |
| Net Investment in Capital Assets                    | 8,326,384                  | 23,987                          | 8,350,371                                       |
| Restricted For:                                     |                            |                                 |   |
| Other Purposes                                      | 2,788,122                  | -                               | 2,788,122                                       |
| Debt Service  | (24,649)                   | -                               | (24,649)  |
| Capital Projects                                    | 571,424                    | -                               | 571,424   |
| Unrestricted  | (4,249,723)                | 16,785                          | (4,232,938)                                     |
|   |                            |                                 |   |
| Total Net Position                                  | \$ 7,411,558               | \$ 40,772                       | \$ 7,452,330                                    |

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

SHAMONG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

| FUNCTIONS/PROGRAMS   | PROGRAM REVENUES |                      |                                  | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION |                          | TOTALS<br>JUNE 30,<br>2016 |
|--|------------------|----------------------|----------------------------------|---|--------------------------|----------------------------|
|  | EXPENSES         | CHARGES FOR SERVICES | OPERATING GRANTS & CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES                           | BUSINESS-TYPE ACTIVITIES |                            |
| Governmental Activities:   |                  |                      |                                  |   |                          |                            |
| Instruction:   |                  |                      |                                  |   |                          |                            |
| Instruction - Regular Programs   | \$ 3,788,879     | \$ -                 | \$ -                             | \$(3,788,879)                                     | \$ -                     | \$(3,788,879)              |
| Special Education  | 1,610,721        | -                    | 298,782                          | (1,311,939)                                       | -                        | (1,311,939)                |
| Other Special Instruction  | 301,921          | -                    | -                                | (301,921)   | -                        | (301,921)                  |
| Other Instruction  | 104,464          | -                    | -                                | (104,464)   | -                        | (104,464)                  |
| Support Services:  |                  |                      |                                  |   |                          |                            |
| Tuition  | 154,465          | -                    | -                                | (154,465)   | -                        | (154,465)                  |
| Health Services  | 118,586          | -                    | 19,323                           | (99,263)  | -                        | (99,263)                   |
| Student & Instruction Related Services                                 | 912,981          | -                    | -                                | (912,981)   | -                        | (912,981)                  |
| Educational Media Services/School Library                              | 240,487          | -                    | -                                | (240,487)   | -                        | (240,487)                  |
| General Administrative Services  | 371,097          | -                    | -                                | (371,097)   | -                        | (371,097)                  |
| School Administrative Services   | 480,375          | -                    | -                                | (480,375)   | -                        | (480,375)                  |
| Central Services   | 312,124          | -                    | -                                | (312,124)   | -                        | (312,124)                  |
| Plant Operations & Maintenance   | 1,124,396        | -                    | -                                | (1,124,396)                                       | -                        | (1,124,396)                |
| Pupil Transportation   | 640,139          | -                    | -                                | (640,139)   | -                        | (640,139)                  |
| Employee Benefits  | 5,833,761        | -                    | 3,185,109                        | (2,648,652)                                       | -                        | (2,648,652)                |
| Interest and Charges on Long-Term Debt                                 | 133,714          | -                    | -                                | (133,714)   | -                        | (133,714)                  |
| Unallocated Loss on Disposal of Assets                                 | 56,479           | -                    | -                                | (56,479)  | -                        | (56,479)                   |
| Unallocated Depreciation   | 730,202          | -                    | -                                | (730,202)   | -                        | (730,202)                  |
| Total Governmental Activities  | 16,914,791       | -                    | 3,503,214                        | (13,411,577)                                      | -                        | (13,411,577)               |
| Business-Type Activities:  |                  |                      |                                  |   |                          |                            |
| Food Service   | 258,791          | 181,502              | 64,568                           | -   | (12,721)                 | (12,721)                   |
| Total Business-Type Activities   | 258,791          | 181,502              | 64,568                           | -   | (12,721)                 | (12,721)                   |
| Total Primary Government   | \$ 17,173,582    | \$ 181,502           | \$ 3,567,782                     | \$(13,411,577)                                    | \$(12,721)               | \$(13,424,298)             |
| General Revenues:  |                  |                      |                                  |   |                          |                            |
| Taxes:   |                  |                      |                                  |   |                          |                            |
| Property Taxes, Levied for General Purposes, Net                       |                  |                      |                                  | 9,285,085   | -                        | 9,285,085                  |
| Federal & State Aid Unrestricted                                       |                  |                      |                                  | 4,725,906   | -                        | 4,725,906                  |
| Tuition Received   |                  |                      |                                  | 15,100  | -                        | 15,100                     |
| Miscellaneous Income   |                  |                      |                                  | 364,097   | 9,084                    | 373,181                    |
| Decrease In Compensated Absences                                       |                  |                      |                                  | 16,354  | -                        | 16,354                     |
| Decrease In Post Retirement Benefits                                   |                  |                      |                                  | 900   | -                        | 900                        |
| Total General Revenues, Special Items, Extraordinary Items & Transfers |                  |                      |                                  | 14,407,442  | 9,084                    | 14,416,526                 |
| Change In Net Position   |                  |                      |                                  | 995,865   | (3,637)                  | 992,228                    |
| Net Position - Beginning   |                  |                      |                                  | 6,415,693   | 44,409                   | 6,460,102                  |
| Net Position - Ending  |                  |                      |                                  | \$ 7,411,558                                      | \$ 40,772                | \$ 7,452,330               |

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

**B. Fund Financial Statements**

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Governmental Funds

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

| ASSETS  | GENERAL<br>FUND     | SPECIAL<br>REVENUE<br>FUND | CAPITAL<br>PROJECTS<br>FUND | DEBT<br>SERVICE<br>FUND | TOTALS              |
|---|---------------------|----------------------------|-----------------------------|-------------------------|---------------------|
|   |                     |                            |                             |                         | JUNE 30,<br>2016    |
| Cash & Cash Equivalents   | \$ 1,259,653        | \$ 8,233                   | \$ 763,833                  | \$ -                    | \$ 2,031,719        |
| Accounts Receivable:  |                     |                            |                             |                         |                     |
| State   | 34,923              | -                          | 204,194                     | -                       | 239,117             |
| Other   | -                   | 10,348                     | -                           | -                       | 10,348              |
| Interfund   | 319,632             | -                          | -                           | 197,550                 | 517,182             |
| Restricted Cash   | 1,166,000           | -                          | -                           | -                       | 1,166,000           |
| <b>Total Assets</b>   | <b>\$ 2,780,208</b> | <b>\$ 18,581</b>           | <b>\$ 968,027</b>           | <b>\$ 197,550</b>       | <b>\$ 3,964,366</b> |
| <b>LIABILITIES &amp; FUND BALANCES</b>                          |                     |                            |                             |                         |                     |
| Liabilities:  |                     |                            |                             |                         |                     |
| Cash Deficit  | \$ -                | \$ -                       | \$ -                        | \$ 197,547              | \$ 197,547          |
| Interfund Payable   | 104,403             | 18,579                     | 396,603                     | -                       | 519,585             |
| Unearned Revenue  | -                   | 2                          | -                           | -                       | 2                   |
| Accounts Payable  | 450                 | -                          | -                           | -                       | 450                 |
| <b>Total Liabilities</b>  | <b>104,853</b>      | <b>18,581</b>              | <b>396,603</b>              | <b>197,547</b>          | <b>717,584</b>      |
| Fund Balances:  |                     |                            |                             |                         |                     |
| Restricted:   |                     |                            |                             |                         |                     |
| Maintenance Reserve   | 70,000              | -                          | -                           | -                       | 70,000              |
| Emergency Reserve   | 196,000             | -                          | -                           | -                       | 196,000             |
| Capital Reserve   | 900,000             | -                          | -                           | -                       | 900,000             |
| Capital Projects  | -                   | -                          | 571,424                     | -                       | 571,424             |
| Debt Service  | -                   | -                          | -                           | 3                       | 3                   |
| Excess Surplus - Current Year                                   | 807,771             | -                          | -                           | -                       | 807,771             |
| Excess Surplus Designated for<br>Subsequent Year's Expenditures | 814,351             | -                          | -                           | -                       | 814,351             |
| Unassigned:   |                     |                            |                             |                         |                     |
| General Fund  | (112,767)           | -                          | -                           | -                       | (112,767)           |
| <b>Total Fund Balances</b>                                      | <b>2,675,355</b>    | <b>-</b>                   | <b>571,424</b>              | <b>3</b>                | <b>3,246,782</b>    |
| <b>Total Liabilities &amp; Fund Balances</b>                    | <b>\$ 2,780,208</b> | <b>\$ 18,581</b>           | <b>\$ 968,027</b>           | <b>\$ 197,550</b>       |                     |

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

|   |                     |
|---|---------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$22,710,183 and the accumulated depreciation is \$10,530,259.  | 12,179,924          |
| Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.   | 852,904             |
| Accrued interest payable is not recorded in the fund financial Statements due to the fact that the payables are not due in the period.  | (24,652)            |
| Long-term liabilities, including net pension liability, bonds payable, bond premium, capital leases, post retirement liability and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds. | (8,843,400)         |
| <b>Net Position of Governmental Activities</b>  | <b>\$ 7,411,558</b> |

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | GENERAL<br>FUND | SPECIAL<br>REVENUE<br>FUND | CAPITAL<br>PROJECTS<br>FUND | DEBT<br>SERVICE<br>FUND | TOTALS<br>JUNE 30,<br>2016 |
|--|-----------------|----------------------------|-----------------------------|-------------------------|----------------------------|
| Revenues:  |                 |                            |                             |                         |                            |
| Local Sources:   |                 |                            |                             |                         |                            |
| Local Tax Levy   | \$ 8,609,047    | \$ -                       | \$ -                        | \$ 676,038              | \$ 9,285,085               |
| Tuition from Individuals   | 15,100          | -                          | -                           | -                       | 15,100                     |
| Miscellaneous  | 289,791         | 55,977                     | -                           | 18,329                  | 364,097                    |
| Total Local Sources  | 8,913,938       | 55,977                     | -                           | 694,367                 | 9,664,282                  |
| State Sources  | 5,665,074       | -                          | 497,717                     | 30,777                  | 6,193,568                  |
| Federal Sources  | -               | 264,839                    | -                           | -                       | 264,839                    |
| Total Revenues   | 14,579,012      | 320,816                    | 497,717                     | 725,144                 | 16,122,689                 |
| Expenditures:  |                 |                            |                             |                         |                            |
| Current:   |                 |                            |                             |                         |                            |
| Instruction - Regular Programs   | 3,788,879       | -                          | -                           | -                       | 3,788,879                  |
| Special Education  | 1,311,939       | 298,782                    | -                           | -                       | 1,610,721                  |
| Other Special Instruction  | 301,921         | -                          | -                           | -                       | 301,921                    |
| Other Instruction  | 104,464         | -                          | -                           | -                       | 104,464                    |
| Support Services:  |                 |                            |                             |                         |                            |
| Tuition  | 154,465         | -                          | -                           | -                       | 154,465                    |
| Health Services  | 118,586         | -                          | -                           | -                       | 118,586                    |
| Student & Instruction Related Services   | 893,658         | 19,323                     | -                           | -                       | 912,981                    |
| Educational Media Services/School  |                 |                            |                             |                         |                            |
| Library  | 240,487         | -                          | -                           | -                       | 240,487                    |
| General Administrative Services  | 371,097         | -                          | -                           | -                       | 371,097                    |
| School Administrative Services   | 480,375         | -                          | -                           | -                       | 480,375                    |
| Central Services   | 312,124         | -                          | -                           | -                       | 312,124                    |
| Plant Operations & Maintenance   | 1,124,396       | -                          | -                           | -                       | 1,124,396                  |
| Pupil Transportation   | 682,225         | -                          | -                           | -                       | 682,225                    |
| Employee Benefits  | 3,869,673       | 2,711                      | -                           | -                       | 3,872,384                  |
| Capital Outlay   | 331,945         | -                          | 1,136,150                   | -                       | 1,468,095                  |
| Debt Service:  |                 |                            |                             |                         |                            |
| Principal  | -               | -                          | -                           | 740,000                 | 740,000                    |
| Interest & Other Charges   | -               | -                          | -                           | 116,815                 | 116,815                    |
| Total Expenditures   | 14,086,234      | 320,816                    | 1,136,150                   | 856,815                 | 16,400,015                 |
| Excess/(Deficiency) of Revenues Over/<br>(Under) Expenditures  | 492,778         | -                          | (638,433)                   | (131,671)               | (277,326)                  |
| Other Financing Sources/(Uses):  |                 |                            |                             |                         |                            |
| Operating Transfers In -   | -               | -                          | -                           | 131,671                 | 131,671                    |
| Operating Transfers (Out) -  | (100,000)       | -                          | (31,671)                    | -                       | (131,671)                  |
| Total Other Financing Sources/(Uses)   | (100,000)       | -                          | (31,671)                    | 131,671                 | -                          |
| Excess/(Deficiency) of Revenues & Other<br>Financing Sources Over/(Under) Expenditures<br>& Other Financing Uses | 392,778         | -                          | (670,104)                   | -                       | (277,326)                  |
| Fund Balances July 1   | 2,282,577       | -                          | 1,241,528                   | 3                       | 3,524,108                  |
| Fund Balances June 30  | \$ 2,675,355    | \$ -                       | \$ 571,424                  | \$ 3                    | \$ 3,246,782               |

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
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, 2016**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (277,326)

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             | (730,202)        |         |
| Loss on Disposal of Fixed Assets | (56,479)         |         |
| Capital Outlays                  | <u>1,216,611</u> | 429,930 |

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. 740,000

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

|  |                  |           |
|--|------------------|-----------|
| Unfunded TPAF Pension Expense                | (1,770,713)      |           |
| State Share of Unfunded TPAF Pension Expense | 1,770,713        |           |
| District Pension Contributions               | 180,006          |           |
| Pension Expense                              | <u>(370,670)</u> | (190,664) |

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   | 27,506          |       |
| Accrued Interest Current Year | <u>(24,652)</u> | 2,854 |

In the statement of activities, the reduction for Capital Leases should not be an expenditure. Thus the change in Net Position will differ from the change in fund balance by the cost of the asset removed (-).

|                     |  |         |
|---------------------|--|---------|
| Retirement of Lease |  | 237,720 |
|---------------------|--|---------|

Deferred charges on Refunding of Debt and premiums from refunded debt issuances are recorded when incurred in the governmental funds but are accrued and expensed over time in the statement of activities.

|                              |                 |        |
|------------------------------|-----------------|--------|
| Amortization of Bond Premium | 46,126          |        |
| Deferred Charge on Refunding | <u>(10,029)</u> | 36,097 |

Repayment of Post-Retirement Benefits 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 | (6,800)      |     |
| Prior Year   | <u>7,700</u> | 900 |

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 | (264,217)      |        |
| Prior Year   | <u>280,571</u> | 16,354 |

Change in Net Position of Governmental Activities \$ 995,865

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

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## Proprietary Funds

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2016**

| ASSETS                           | TOTAL<br><u>FOOD<br/>SERVICE</u> |
|----------------------------------|----------------------------------|
| Current Assets:                  |                                  |
| Cash & Cash Equivalents          | \$ 13,582                        |
| Accounts Receivable:             |                                  |
| State                            | 451                              |
| Federal                          | 9,644                            |
| Other                            | 3,584                            |
| Interfund                        | 4,403                            |
| Inventories                      | <u>2,643</u>                     |
| Total Current Assets             | <u>34,307</u>                    |
| Noncurrent Assets:               |                                  |
| Furniture, Machinery & Equipment | 63,622                           |
| Less: Accumulated Depreciation   | <u>(39,635)</u>                  |
| Total Capital Assets             | <u>23,987</u>                    |
| Total Assets                     | <u>58,294</u>                    |
| LIABILITIES                      |                                  |
| Accounts Payable                 | <u>17,522</u>                    |
| Total Liabilities                | <u>17,522</u>                    |
| NET POSITION                     |                                  |
| Net Investment in Capital Assets | 23,987                           |
| Unrestricted                     | <u>16,785</u>                    |
| Total Net Position               | <u><u>\$ 40,772</u></u>          |

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES  
EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | TOTALS                  |
|--|-------------------------|
|  | FOOD<br>SERVICE<br>FUND |
| Operating Revenues:                    |                         |
| Local Sources:                         |                         |
| Daily Sales - Reimbursable Programs    | \$ 111,856              |
| Daily Sales - Nonreimbursable Programs | 69,646                  |
| Miscellaneous                          | 9,084                   |
| Total Operating Revenue                | 190,586                 |
| Operating Expenses:                    |                         |
| Cost of Sales                          | 102,964                 |
| Salaries & Benefits                    | 113,959                 |
| Miscellaneous Expenses                 | 8,449                   |
| Management Fee                         | 20,200                  |
| Supplies and Materials                 | 8,399                   |
| Depreciation                           | 4,820                   |
| Total Operating Expenses               | 258,791                 |
| Operating Income/(Loss)                | (68,205)                |
| Nonoperating Revenues (Expenses):      |                         |
| State Sources:                         |                         |
| State School Lunch Program             | 2,283                   |
| Federal Sources:                       |                         |
| National School Lunch Program          | 43,231                  |
| Healthy Hunger-Free Kids Act           | 3,088                   |
| Cash in Lieu of Commodities            | 15,966                  |
| Total Nonoperating Revenues/(Expenses) | 64,568                  |
| Change in Net Position                 | (3,637)                 |
| Total Net Position - Beginning         | 44,409                  |
| Total Net Position - Ending            | \$ 40,772               |

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

|  | TOTALS                  |
|--|-------------------------|
|  | FOOD<br>SERVICE<br>FUND |
| Cash Flows From Operating Activities:  |                         |
| Receipts from Customers  | \$ 203,192              |
| Payments to Employees  | (113,959)               |
| Payments to Suppliers  | (147,727)               |
| Net Cash Provided/(Used) by Operating Activities   | (58,494)                |
| Cash Flows From Noncapital Financing Activities:   |                         |
| State Sources  | 1,839                   |
| Federal Sources  | 52,787                  |
| Net Cash Provided/(Used) by Noncapital Financing Activities  | 54,626                  |
| Net Increase/(Decrease) in Cash & Cash Equivalents Balances - Beginning of Year                        | (3,868)<br>17,450       |
| Balances - End of Year   | \$ 13,582               |
| Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:         |                         |
| Operating Income/(Loss)  | \$ (68,205)             |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used For) Operating Activities: |                         |
| Depreciation & Net Amortization  | 4,820                   |
| (Increase)/Decrease in Other A/R   | 12,606                  |
| Increase/(Decrease) in Accounts Payable  | (7,411)                 |
| (Increase)/Decrease in Inventories   | (304)                   |
| Net Cash Provided/(Used) by Operating Activities   | \$ (58,494)             |

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

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Fiduciary Fund

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

| ASSETS                               | PRIVATE<br>PURPOSE                        | AGENCY FUNDS        |           | TOTALS           |
|--------------------------------------|---|---------------------|-----------|------------------|
|                                      | UNEMPLOYMENT<br>COMPENSATION<br>INSURANCE | STUDENT<br>ACTIVITY | PAYROLL   | JUNE 30,<br>2016 |
| Cash & Cash Equivalents              | \$ 96,141                                 | \$ 65,517           | \$ 10,973 | \$ 172,631       |
| Total Assets                         | 96,141                                    | 65,517              | 10,973    | 172,631          |
| <b>LIABILITIES</b>                   |   |                     |           |                  |
| Payroll Deductions &<br>Withholdings | -   | -                   | 8,973     | 8,973            |
| Interfund Payable                    | -   | -                   | 2,000     | 2,000            |
| Due to Student Groups                | -   | 65,517              | -         | 65,517           |
| Total Liabilities                    | -   | 65,517              | 10,973    | 76,490           |
| <b>NET POSITION</b>                  |   |                     |           |                  |
| Restricted                           | 96,141                                    | -                   | -         | 96,141           |
| Total Net Position                   | \$ 96,141                                 | \$ -                | \$ -      | \$ 96,141        |

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

|                                      | PRIVATE<br>PURPOSE<br>UNEMPLOYMENT<br>COMPENSATION<br>INSURANCE | <u>TOTALS</u><br>JUNE 30,<br>2016 |
|--------------------------------------|---|-----------------------------------|
| <b>ADDITIONS</b>                     |   |                                   |
| Local Sources:                       |   |                                   |
| Employee Contributions               | \$ 30,000   | \$ 30,000                         |
| Total Additions                      | <u>30,000</u>   | <u>30,000</u>                     |
| <b>DEDUCTIONS</b>                    |   |                                   |
| Unemployment Compensation            |   |                                   |
| Insurance Claims                     | <u>37,855</u>   | <u>37,855</u>                     |
| Total Deductions                     | <u>37,855</u>   | <u>37,855</u>                     |
| Change in Net Position               | (7,855)   | (7,855)                           |
| Net Position - Beginning of the Year | <u>103,996</u>  | <u>103,996</u>                    |
| Net Position - End of the Year       | <u>\$ 96,141</u>  | <u>\$ 96,141</u>                  |

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



SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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# SHAMONG TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

### Note 1. Summary of Significant Accounting Policies

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

#### **Reporting Entity**

The Shamong Township School District (hereafter referred to as the “District”) 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 nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through eighth at its three schools. The District has an approximate enrollment at June 30, 2016 of 775 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

#### **Component Units**

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

#### **Government-Wide Financial Statements**

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of

## SHAMONG TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

#### **Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

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

#### **Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

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

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

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

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

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

The District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016

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

Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The capital projects fund is used to account for 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.

The District reports the following major proprietary funds:

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

Additionally, the District reports the following major fiduciary funds:

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

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

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

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

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

## SHAMONG TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

##### **Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

##### **Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.



**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

**Cash and Cash Equivalents**

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

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

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

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

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**Inventories**

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

**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 District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

|                      |               |
|----------------------|---------------|
| Equipment & Vehicles | 3 – 20 Years  |
| Buildings            | 30 – 50 Years |
| Improvements         | 10 – 50 Years |
| Software             | 5 – 7 Years   |

**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

**Accrued Liabilities and Long-Term Obligations (continued)**

from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Use of Estimates**

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

**Fund Balance**

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

## SHAMONG TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

##### Fund Balance (continued)

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

##### Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

##### Impact of Recently Issued Accounting Principles

###### Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not significantly impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

## SHAMONG TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

##### Recently Issued and Adopted Accounting Pronouncements

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

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

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

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

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

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

**Bond Premiums, Discounts and Issuance Costs**

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

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

**Deferred Loss on Refunding Debt**

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

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

**Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 23, 2016 which is the date the financial statements were available to be issued.

**Pensions Section**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2. Cash Deposits and Investments**

**Cash Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District's bank balance of \$3,340,155 was exposed to custodial credit risk as follows:

|  |                     |
|--|---------------------|
| Insured Under FDIC   | \$ 250,000          |
| Collateralized by securities held by<br>Pledging financial institution | 2,886,681           |
| Uninsured and uncollateralized   | <u>203,474</u>      |
| Total  | <u>\$ 3,340,155</u> |

**Investments**

New Jersey statutes permit the Board to purchase the following types of securities:

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 2. Cash Deposits and Investments (continued):**

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

**Note 3. Reserve Accounts**

**A. Capital Reserve**

A capital reserve account was established by the Shamong Township School District 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 certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.



**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 3. Reserve Accounts (continued):**

The activity of the capital reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

|                                      |                   |
|--------------------------------------|-------------------|
| Beginning Balance, July 1, 2015      | \$ 500,000        |
| Transfer per June Resolution         | 500,000           |
| Withdrawals for Capital Expenditures | <u>(100,000)</u>  |
| Ending Balance, June 30, 2016        | <u>\$ 900,000</u> |

The June 30, 2016 LRFPA balance of local support costs of uncompleted capital projects at June 30, 2016 is \$5,145,719. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Rang Facilities Plan.

**B. Maintenance Reserve Account**

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.A.C.18A:7G-9*) as amended by *P.L. 2004, c.73(S1701)*. Districts may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (*N.J.A.C.6A:23A-14.2*) or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 20 of the budget year. EFCFA requires that upon District completion of a school facilities project, the District must submit a plan for the maintenance of that facility. Auditors and District staff should refer to the regulations, *N.J.A.C.6A:26A*, for further guidance. A separate line is provided in the AUDSUM for this reserve account.

GASB No. 54 requires the further categorization of the maintenance reserve account balance on the *Governmental Funds Balance Sheet* (Exhibit B-1) as restricted, committed, and/or assigned. The Department recommends reporting the maintenance reserve under "Restricted" fund balance due to the statutory and regulatory restrictions on withdrawals from maintenance reserve. The same categorization is applicable to the *General Fund Budgetary Comparison Schedule* (Exhibit C-1).

The balance of the maintenance reserve account at June 30, 2016 is \$70,000, as there was no activity for the current fiscal year.

**C. Emergency Reserve**

The emergency reserve account is used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30.

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 3. Reserve Accounts (continued):**

**C. Emergency Reserve (continued)**

Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

GASBS No. 54 requires the further categorization of the emergency reserve account balance on the *Governmental Funds Balance Sheet* (Exhibit B-1). The emergency reserve has significant externally imposed restrictions on its withdrawal and should be categorized as “Restricted” fund balance. The same categorization is applicable to the *General Fund Budgetary Comparison Schedule* (Exhibit C-1)

The balance of the emergency reserve account at June 30, 2016 is \$196,000, as there was no activity for the current fiscal year.

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District’s individual major and fiduciary funds, in the aggregate, are as follows:

|                   | General<br>Fund  | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Proprietary<br>Funds | Total             |
|-------------------|------------------|----------------------------|-----------------------------|----------------------|-------------------|
| Intergovernmental | \$ 34,723        | \$ -                       | \$ 204,194                  | \$ 10,095            | \$ 249,012        |
| Other             | -                | 10,348                     | -                           | 3,584                | 13,932            |
| Total             | <u>\$ 34,723</u> | <u>\$ 10,348</u>           | <u>\$ 204,194</u>           | <u>\$ 13,679</u>     | <u>\$ 262,944</u> |

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2016 was as follows:

|  | <b>Balance<br/>June 30,<br/>2015</b> | <b>Increases</b>  | <b>Decreases</b>   | <b>Balance<br/>June 30,<br/>2016</b> |
|--|--------------------------------------|-------------------|--------------------|--------------------------------------|
| <b>Governmental Activities:</b>                      |                                      |                   |                    |                                      |
| Capital assets not being depreciated:                |                                      |                   |                    |                                      |
| Land   | \$ 1,068,766                         | \$ -              | \$ -               | \$ 1,068,766                         |
| Construction in Progress                             | 174,714                              | 1,136,150         | (48,879)           | 1,261,985                            |
| Total capital assets not being depreciated           | <u>1,243,480</u>                     | <u>1,136,150</u>  | <u>(48,879)</u>    | <u>2,330,751</u>                     |
| Capital Assets being depreciated:                    |                                      |                   |                    |                                      |
| Buildings  | 19,584,442                           | 17,128            | -                  | 19,601,570                           |
| Machinery & Equipment                                | 750,113                              | 63,333            | (35,584)           | 777,862                              |
| Total capital assets being depreciated               | <u>20,334,555</u>                    | <u>80,461</u>     | <u>(35,584)</u>    | <u>20,379,432</u>                    |
| Less: accumulated depreciation:                      |                                      |                   |                    |                                      |
| Buildings  | (9,447,070)                          | (655,107)         |                    | (10,102,177)                         |
| Machinery & Equipment                                | (380,971)                            | (75,095)          | 27,984             | (428,082)                            |
| Total accumulated depreciation                       | <u>(9,828,041)</u>                   | <u>(730,202)</u>  | <u>27,984</u>      | <u>(10,530,259)</u>                  |
| Total capital assets being depreciated, net          | <u>10,506,514</u>                    | <u>(649,741)</u>  | <u>(7,600)</u>     | <u>9,849,173</u>                     |
| Total Governmental Activities<br>capital assets, net | <u>\$ 11,749,994</u>                 | <u>\$ 486,409</u> | <u>\$ (56,479)</u> | <u>\$ 12,179,924</u>                 |

|   | <b>Balance<br/>June 30,<br/>2015</b> | <b>Increases</b>  | <b>Decreases</b> | <b>Balance<br/>June 30,<br/>2016</b> |
|---|--------------------------------------|-------------------|------------------|--------------------------------------|
| <b>Business-Type Activities:</b>                      |                                      |                   |                  |                                      |
| Capital assets being depreciated:                     |                                      |                   |                  |                                      |
| Machinery & Equipment                                 | \$ 63,622                            | \$ -              | \$ -             | \$ 63,622                            |
| Total capital assets being depreciated                | <u>63,622</u>                        | <u>-</u>          | <u>-</u>         | <u>63,622</u>                        |
| Less: accumulated depreciation:                       |                                      |                   |                  |                                      |
| Machinery & Equipment                                 | (34,815)                             | (4,820)           |                  | (39,635)                             |
| Total accumulated depreciation                        | <u>(34,815)</u>                      | <u>(4,820)</u>    | <u>-</u>         | <u>(39,635)</u>                      |
| Total capital assets being<br>depreciated, net        | <u>28,807</u>                        | <u>(4,820)</u>    | <u>-</u>         | <u>23,987</u>                        |
| Total Business-type activities<br>capital assets, net | <u>\$ 28,807</u>                     | <u>\$ (4,820)</u> | <u>\$ -</u>      | <u>\$ 23,987</u>                     |

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 5. Capital Assets (continued):**

Depreciation expense was charged to governmental functions/programs as follows:

|   |                              |
|---|------------------------------|
| <b>Governmental Activities:</b>                             |                              |
| Unallocated   | \$ <u>730,202</u>            |
| <br>Total Depreciation Expense -<br>Governmental Activities | <br>\$ <u><u>730,202</u></u> |

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2016 are as follows:

| <b>Fund</b>           | <b>Interfund<br/>Receivable</b> | <b>Interfund<br/>Payable</b> |
|-----------------------|---------------------------------|------------------------------|
| General Fund          | \$ 319,632                      | \$ 104,403                   |
| Special Revenue Fund  | -                               | 18,579                       |
| Capital Projects Fund | -                               | 396,603                      |
| Debt Service Fund     | 197,550                         | -                            |
| Food Service Fund     | 4,403                           | -                            |
| Fiduciary Funds       | <u>-</u>                        | <u>2,000</u>                 |
|                       | <u>\$ 521,585</u>               | <u>\$ 521,585</u>            |

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

The summary of interfund transfers follows:

| <b>Fund</b>           | <b>Transfers In</b> | <b>Transfers Out</b> |
|-----------------------|---------------------|----------------------|
| General Fund          | \$ 299,056          | \$ 104,403           |
| Special Revenue Fund  | -                   | 3                    |
| Capital Projects Fund | -                   | 349,054              |
| Debt Service Fund     | 150,001             | -                    |
| Food Service Fund     | 4,403               | -                    |
| Fiduciary Funds       | <u>-</u>            | <u>-</u>             |
|                       | <u>\$ 453,460</u>   | <u>\$ 453,460</u>    |

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2016 the following changes occurred in long-term obligations:

|                                 | <b>June 30,<br/>2015</b> | <b>Additions</b>    | <b>Reductions</b>     | <b>June 30,<br/>2016</b> | <b>Due Within<br/>One Year</b> |
|---------------------------------|--------------------------|---------------------|-----------------------|--------------------------|--------------------------------|
| <b>Governmental Activities:</b> |                          |                     |                       |                          |                                |
| Compensated Absences            | \$ 280,571               | \$ -                | \$ (16,354)           | \$ 264,217               | \$ -                           |
| Post-Retirement Benefits        | 7,700                    | -                   | (900)                 | 6,800                    | -                              |
| Capital Leases                  | 1,188,600                | -                   | (237,720)             | 950,880                  | 237,720                        |
| General Obligation Bonds        | 3,554,000                | -                   | (740,000)             | 2,814,000                | 760,000                        |
| Net Pension Liability           | 3,601,987                | 1,098,053           | -                     | 4,700,040                | -                              |
| Unamortized Bond Premiums       | 153,589                  | -                   | (46,126)              | 107,463                  | 46,126                         |
| <b>Total</b>                    | <b>\$ 8,786,447</b>      | <b>\$ 1,098,053</b> | <b>\$ (1,041,100)</b> | <b>\$ 8,843,400</b>      | <b>\$ 1,043,846</b>            |

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

**A. Bonds Payable:**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. At June 30, 2016, bonds payable consisted of the following individual issues:

| <b>Purpose</b>  | <b>Interest<br/>Rate</b> | <b>Maturity<br/>Date</b> | <b>Amount<br/>Issued</b> | <b>Amount<br/>Outstanding</b> |
|-----------------|--------------------------|--------------------------|--------------------------|-------------------------------|
| Serial Bonds    | 3.125% - 3.500%          | 2/15/2026                | \$ 1,999,000             | \$ 1,499,000                  |
| Refunding Bonds | 4.000%                   | 5/5/2018                 | 3,145,000                | 1,315,000                     |
| <b>Total</b>    |                          |                          |                          | <b>\$ 2,814,000</b>           |

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

| <b>Year-ending<br/>June 30,</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        |
|---------------------------------|---------------------|-------------------|---------------------|
| 2017                            | \$ 760,000          | \$ 98,981         | \$ 858,981          |
| 2018                            | 790,000             | 69,509            | 859,509             |
| 2019                            | 130,000             | 38,802            | 168,802             |
| 2020                            | 140,000             | 34,584            | 174,584             |
| 2021                            | 150,000             | 30,053            | 180,053             |
| 2022-2026                       | 844,000             | 73,189            | 917,189             |
| <b>Total</b>                    | <b>\$ 2,814,000</b> | <b>\$ 345,118</b> | <b>\$ 3,159,118</b> |

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 7. Long-Term Obligations (continued):**

**B. Bonds Authorized But Not Issued:**

As of June 30, 2016, the District had no authorized but not issued bonds.

**C. Capital Leases**

The school district is leasing various equipment totaling \$1,188,600 with lease terms of 7 years at .74% annual rate. The following is a schedule of future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2016 are:

| Year-ending<br>June 30,                 | Amount                   |
|---|--------------------------|
| 2017                                    | \$ 250,913               |
| 2018                                    | 247,395                  |
| 2019                                    | 243,877                  |
| 2020                                    | <u>240,359</u>           |
| Minimum Lease Payments                  | 982,544                  |
| Less: Interest                          | <u>(31,664)</u>          |
| Present Value of Minimum Lease Payments | <u><u>\$ 950,880</u></u> |

**Note 8. Pension Plans**

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

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

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

The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u>  |
|-------------|--|
| 1           | Members who were enrolled prior to July 1, 2007  |
| 2           | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3           | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4           | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011    |
| 5           | Members who were eligible to enroll on or after June 28, 2011                              |

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Plans (continued):**

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Plans (continued):**

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

**Three-Year Trend Information for PERS**

| <b>Year<br/>Funded</b> | <b>Annual<br/>Pension<br/>Cost (APC)</b> | <b>Percentage<br/>of APC<br/>Contributed</b> | <b>Net<br/>Pension<br/>Obligation</b> |
|------------------------|--|--|---------------------------------------|
| 6/30/2016              | \$ 173,231                               | 100%   | \$ 4,700,040                          |
| 6/30/2015              | 180,006                                  | 100%   | 3,601,987                             |
| 6/30/2014              | 158,600                                  | 100%   | 3,643,602                             |

**Components of Pension Liability** - At June 30, 2016, the District reported a liability of \$4,700,040 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.002094% percent, which was an increase of 0.00171% from its proportion measured as of June 30, 2014.

Balances at June 30, 2016 and June 30, 2015

|   | <u>6/30/2016</u> | <u>6/30/2015</u> |
|---|------------------|------------------|
| Acturial valuation date   | July 1, 2015     | July 1, 2014     |
| Deferred Outflows of Resources                                  | 909,669          | 141,371          |
| Defferred Inflows of Resources                                  | 75,568           | 214,653          |
| Net Pension Liability   | 4,700,040        | 3,601,987        |
| District's portion of the Plan's<br>total net pension Liability | 0.02094%         | 0.01923%         |

**Pension Expense and Deferred Outflows/Inflows of Resources** At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:



**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Plans (continued):**

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

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Changes of assumptions   | 504,747                           |                                  |
| Net difference between projected and actual earnings<br>or pension plan investments                              | 112,126                           | 75,568                           |
| Changes in proportion and differences between District<br>contributions and proportionate share of contributions | 292,796                           | -                                |
| <b>Total</b>   | <b>\$ 909,669</b>                 | <b>\$ 75,568</b>                 |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: |            |
|---------------------|------------|
| 2017                | \$ 161,175 |
| 2018                | 161,175    |
| 2019                | 161,175    |
| 2020                | 214,838    |
| 2021                | 135,739    |
| Thereafter          | -          |

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016

Note 8. Pension Obligations (continued):

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

|                          | <u>PERS</u>   |
|--------------------------|---|
| Measurement date         | June 30, 2015   |
| Actuarial valuation date | July 1, 2014  |
| Interest rate            | 7.90%   |
| Salary scale             | 2012-2021 - 2.15-4.40%<br>Based on Age<br>Thereafter - 3.15-5.40% |
| Inflation rate           | Based on Age<br>3.01%   |

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

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

| <u>Asset Class</u>          | <u>Target<br/>Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|-----------------------------|------------------------------|---|
| Cash                        | 5.00%                        | 1.04%   |
| U.S. Treasuries             | 1.75%                        | 1.64%   |
| Investment Grade Credit     | 10.00%                       | 1.79%   |
| Mortgages                   | 2.10%                        | 1.62%   |
| High Yield Bonds            | 2.00%                        | 4.03%   |
| Inflation-Indexed Bonds     | 1.50%                        | 3.25%   |
| Broad US Equities           | 27.25%                       | 8.52%   |
| Developed Foreign Equities  | 12.00%                       | 6.88%   |
| Emerging Market Equities    | 6.40%                        | 10.00%  |
| Private Equity              | 9.25%                        | 12.41%  |
| Hedge Funds/Absolute Return | 12.00%                       | 4.72%   |
| Real Estate (Property)      | 2.00%                        | 6.83%   |
| Commodities                 | 1.00%                        | 5.32%   |
| Global Debt ex US           | 3.50%                        | -0.40%  |
| REIT                        | 4.25%                        | 5.21%   |
| Total                       | 100.00%                      |   |

**Discount Rate** - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

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

|  | <u>Decrease</u><br><u>(3.90%)</u> |  | <u>Discount</u><br><u>(4.90%)</u> |  | <u>Increase</u><br><u>(5.90%)</u> |
|--|-----------------------------------|--|-----------------------------------|--|-----------------------------------|
| District's proportionate share of<br>the net pension liability | \$ 5,841,575                      |  | \$ 4,700,040                      |  | \$ 3,742,986                      |

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

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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

The following represents the membership tiers for TPAF:

| <u>Tier</u> | <u>Definition</u>  |
|-------------|--|
| 1           | Members who were enrolled prior to July 1, 2007  |
| 2           | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3           | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4           | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011    |
| 5           | Members who were eligible to enroll on or after June 28, 2011                              |

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

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

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation** - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions  
(Paid on behalf of the District)**

| <b>Year<br/>Funded</b> | <b>Annual<br/>Pension<br/>Cost (APC)</b> | <b>Percentage<br/>of APC<br/>Contributed</b> | <b>Net<br/>Pension<br/>Obligation</b> |
|------------------------|--|--|---------------------------------------|
| 6/30/2016              | \$ 310,103                               | 100%   | -                                     |
| 6/30/2015              | 243,443                                  | 100%   | -                                     |
| 6/30/2014              | 376,489                                  | 100%   | -                                     |

**Teachers' Pensions and Annuity Fund (TPAF)** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016

Note 8. Pension Obligations (continued):

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

|                          | <u>TPAF</u>                   |
|--------------------------|-------------------------------|
| Measurement date         | June 30, 2015                 |
| Actuarial valuation date | July 1, 2014                  |
| Interest rate            | 7.90%                         |
| Salary scale             | Varies Based On<br>Experience |
| Inflation rate           | 2.50%                         |

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

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

| <u>Asset Class</u>           | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| US Cash                      | 5.00%                    | 0.53%   |
| US Government Bonds          | 1.75%                    | 1.39%   |
| US Credit Bonds              | 13.50%                   | 2.72%   |
| US Mortgages                 | 2.10%                    | 2.54%   |
| US Inflation-Indexed Bonds   | 1.50%                    | 1.47%   |
| US High Yield Bonds          | 2.00%                    | 4.57%   |
| US Equity Market             | 27.25%                   | 5.63%   |
| Foreign-Developed Equity     | 12.00%                   | 6.22%   |
| Emerging Market Equities     | 6.40%                    | 8.46%   |
| Private Real Estate Property | 4.25%                    | 3.97%   |
| Timber                       | 1.00%                    | 4.09%   |
| Farmland                     | 1.00%                    | 4.61%   |
| Private Equity               | 9.25%                    | 9.15%   |
| Commodities                  | 1.00%                    | 3.58%   |
| Hedge Funds - MultiStrategy  | 4.00%                    | 4.59%   |
| Hedge Funds - Equity Hedge   | 4.00%                    | 5.68%   |
| Hedge Funds - Distressed     | 4.00%                    | 4.30%   |
| Total                        | 100%                     |   |

**Discount Rate** - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

**Defined Contribution Retirement Plan (DCRP)** – The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

## SHAMONG TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

#### **Note 8. Pension Obligations (continued):**

##### **Defined Contribution Retirement Plan (DCRP) (continued):**

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution. For the year ended June 30, 2016, employee contributions total \$3,451, and the District recognized pension expense of \$1,882.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

#### **Note 9. Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

#### **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 its 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



**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 10. Risk Management (continued):**

former employees and charged to its account with the State. The District is billed quarterly for 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 trust fund for the current and previous two years:

| <b>Fiscal Year</b> | <b>District<br/>Contributions</b> | <b>Employee<br/>Contributions</b> | <b>Amount<br/>Reimbursed</b> | <b>Ending<br/>Balance</b> |
|--------------------|-----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2015-2016          | \$ -                              | \$ 30,000                         | \$ 37,855                    | \$ 96,141                 |
| 2014-2015          | -                                 | -                                 | 25,014                       | 103,996                   |
| 2013-2014          | -                                 | 461                               | 14,365                       | 129,010                   |

**Joint Insurance Pool** – The Shamong Township School District participates in the Burlington County Insurance Pool Joint Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverages:

|                                       |                                |
|---------------------------------------|--------------------------------|
| Property – Blanket Building & Grounds | General & Automobile Liability |
| Boiler & Machinery                    | Workers' Compensation          |
| School Board Legal Liability          | Crime Coverage                 |

**Note 11. Contingencies**

**State and Federal Grantor Agencies** - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

**Note 12. Economic Dependency**

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 13. Deferred Compensation**

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years

Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

The Vanguard Group  
AXA Equitable  
Lincoln Investment Planning

**Note 14. Compensated Absences**

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

District employees are granted varying amount of vacation and sick leave in accordance with the District's personnel policies. The District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position 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, 2016 is \$264,217.

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, 2016 no liability existed for compensated absences in the proprietary fund types.

**Note 15. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. 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, 2016 is \$807,771.

**Note 16. Fund Balance**

**General Fund** – Of the \$2,675,355 General Fund fund balance at June 30, 2016, \$900,000 has been reserved in the Capital Reserve Account; \$70,000 has been reserved in the Maintenance Reserve

**SHAMONG TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 16. Fund Balance (continued):**

Account; \$196,000 has been reserved in the Emergency Reserve Account; \$814,351 is restricted for excess surplus designated for subsequent years expenditures; \$807,771 is restricted for current year excess surplus; \$0 is assigned to other purposes; and \$(112,767) is unassigned.

**Capital Projects Fund** – Of the \$571,424 Capital Projects Fund fund balance at June 30, 2016, \$571,424 is restricted for current capital projects approved by the District and the Department of Education.

**Debt Service Fund** – Of the \$3 Debt Service Fund fund balance at June 30, 2016, \$3 is reserved in accordance with N.J.S.A. 7F-41c(2).

**Note 17. Deficit in Net Position**

**Restricted Net Position** – The School District had a deficit in restricted net position for Debt Service in the amount of \$24,649 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

**Unrestricted Net Position** – The School District had a deficit in unrestricted net position in the amount of \$4,249,723 at June 30, 2016. The deficit is due to the final June state aid payment not recognized under GAAP and by the implementation of GASB 68 which requires the district to report their proportionate share of the net pension liability for the Public Employee’s Retirement System (PERS) at June 30, 2016.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | ACCOUNT NUMBERS | JUNE 30, 2016     |                  |                   | ACTUAL            | POSITIVE/<br>(NEGATIVE)<br>FINAL TO<br>ACTUAL |
|--|-----------------|-------------------|------------------|-------------------|-------------------|---|
|  |                 | ORIGINAL BUDGET   | BUDGET TRANSFERS | FINAL BUDGET      |                   |   |
| <b>Revenues:</b>                                     |                 |                   |                  |                   |                   |   |
| <b>Local Sources:</b>                                |                 |                   |                  |                   |                   |   |
| Local Tax Levy                                       | 10-1210         | \$ 8,609,047      | \$ -             | \$ 8,609,047      | \$ 8,609,047      | \$ -  |
| Tuition from Other Sources                           | 10-1340         | -                 | -                | -                 | 15,100            | 15,100  |
| Miscellaneous  | 10-1990         | 43,489            | -                | 43,489            | 289,791           | 246,302                                       |
| <b>Total Local Sources</b>                           |                 | <b>8,652,536</b>  | <b>-</b>         | <b>8,652,536</b>  | <b>8,913,938</b>  | <b>261,402</b>                                |
| <b>State Sources:</b>                                |                 |                   |                  |                   |                   |   |
| Equalization Aid                                     | 10-3176         | 3,430,365         | -                | 3,430,365         | 3,430,365         | -   |
| Categorical Transportation Aid                       | 10-3121         | 224,964           | -                | 224,964           | 224,964           | -   |
| Categorical Special Education Aid                    | 10-3132         | 507,214           | -                | 507,214           | 507,214           | -   |
| Categorical Security Aid                             | 10-3177         | 65,308            | -                | 65,308            | 65,308            | -   |
| Extraordinary Aid                                    | 10-3131         | 15,895            | -                | 15,895            | 12,195            | (3,700)                                       |
| PARCC Readiness Aid                                  | 10-3190         | 8,250             | -                | 8,250             | 8,250             | -   |
| Per Pupil Growth Aid                                 | 10-3190         | 8,250             | -                | 8,250             | 8,250             | -   |
| Nonpublic School Transportation Reimbursement        | 10-3190         | -                 | -                | -                 | 2,431             | 2,431   |
| <b>Nonbudgeted:</b>                                  |                 |                   |                  |                   |                   |   |
| On-Behalf TPAF Post-Retirement Medical Contributions |                 | -                 | -                | -                 | 543,082           | 543,082                                       |
| On-Behalf TPAF Pension Contributions                 |                 | -                 | -                | -                 | 456,094           | 456,094                                       |
| Reimbursed TPAF Social Security Contributions        | 10-3902         | -                 | -                | -                 | 412,509           | 412,509                                       |
| <b>Total State Sources</b>                           |                 | <b>4,260,246</b>  | <b>-</b>         | <b>4,260,246</b>  | <b>5,670,662</b>  | <b>1,410,416</b>                              |
| <b>Total Revenues</b>                                |                 | <b>12,912,782</b> | <b>-</b>         | <b>12,912,782</b> | <b>14,584,600</b> | <b>1,671,818</b>                              |
| <b>Expenditures:</b>                                 |                 |                   |                  |                   |                   |   |
| <b>Current Expense:</b>                              |                 |                   |                  |                   |                   |   |
| <b>Instruction - Regular Programs:</b>               |                 |                   |                  |                   |                   |   |
| <b>Salaries of Teachers:</b>                         |                 |                   |                  |                   |                   |   |
| Preschool/Kindergarten                               | 11-110-100-101  | 260,112           | (42,096)         | 218,016           | 169,454           | 48,562  |
| Grades 1 - 5   | 11-120-100-101  | 1,943,973         | (85,000)         | 1,858,973         | 1,776,581         | 82,392  |
| Grades 6 - 8   | 11-130-100-101  | 1,269,517         | (25,500)         | 1,244,017         | 1,185,770         | 58,247  |
| Home Instruction                                     | 11-150-100-101  | 3,000             | 5,000            | 8,000             | 7,537             | 463   |
| <b>Regular Programs - Undistributed Instruction:</b> |                 |                   |                  |                   |                   |   |
| <b>Purchased Professional/Educational Services</b>   |                 |                   |                  |                   |                   |   |
| Purchased Professional/Educational Services          | 11-190-100-320  | 120,000           | 50,000           | 170,000           | 156,198           | 13,802  |
| Purchased Technical Services                         | 11-190-100-340  | 97,850            | 92,539           | 190,389           | 186,795           | 3,594   |
| Rental of Equipment                                  | 11-190-100-440  | 67,500            | (67,500)         | -                 | -                 | -   |
| Teacher Travel Between Schools                       | 11-190-100-580  | 1,515             | 67,600           | 69,115            | 66,976            | 2,139   |
| General Supplies                                     | 11-190-100-610  | 212,428           | 28,951           | 241,379           | 211,121           | 30,258  |
| Textbooks  | 11-190-100-640  | 20,000            | 9,100            | 29,100            | 28,203            | 897   |
| Other Objects  | 11-190-100-800  | 345               | -                | 345               | 244               | 101   |
| <b>Total Regular Programs - Instruction</b>          |                 | <b>3,996,240</b>  | <b>33,094</b>    | <b>4,029,334</b>  | <b>3,788,879</b>  | <b>240,455</b>                                |
| <b>Resource Room/ Resource Center:</b>               |                 |                   |                  |                   |                   |   |
| Salaries of Teachers                                 | 11-213-100-101  | 1,071,376         | -                | 1,071,376         | 1,033,385         | 37,991  |
| Other Salaries for Instruction                       | 11-213-100-106  | 232,530           | -                | 232,530           | 161,471           | 71,059  |
| General Supplies                                     | 11-213-100-610  | 8,500             | -                | 8,500             | 5,288             | 3,212   |
| Textbooks  | 11-213-100-640  | 1,500             | -                | 1,500             | 1,500             | -   |
| <b>Total Resource Room</b>                           |                 | <b>1,313,906</b>  | <b>-</b>         | <b>1,313,906</b>  | <b>1,201,644</b>  | <b>112,262</b>                                |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | ACCOUNT NUMBERS | JUNE 30, 2016    |                  |                  | ACTUAL           | POSITIVE/<br>(NEGATIVE)<br>FINAL TO<br>ACTUAL |
|---|-----------------|------------------|------------------|------------------|------------------|---|
|   |                 | ORIGINAL BUDGET  | BUDGET TRANSFERS | FINAL BUDGET     |                  |   |
| <b>Preschool Disabilities - Part-Time:</b>            |                 |                  |                  |                  |                  |   |
| Salaries of Teachers                                  | 11-215-100-101  | 86,378           | (6,200)          | 80,178           | 55,669           | 24,509  |
| Other Salaries for Instruction                        | 11-215-100-106  | 34,591           | 20,220           | 54,811           | 53,395           | 1,416   |
| Purchased Educational Services                        | 11-215-100-320  | 2,000            | (2)              | 1,998            | 376              | 1,622   |
| General Supplies                                      | 11-215-100-610  | 500              | 355              | 855              | 855              | -   |
| <b>Total Preschool Disabilities - Part-Time</b>       |                 | <b>123,469</b>   | <b>14,373</b>    | <b>137,842</b>   | <b>110,295</b>   | <b>27,547</b>                                 |
| <b>Total Special Education</b>                        |                 | <b>1,437,375</b> | <b>14,373</b>    | <b>1,451,748</b> | <b>1,311,939</b> | <b>139,809</b>                                |
| <b>Basic Skills/Remedial:</b>                         |                 |                  |                  |                  |                  |   |
| Salaries of Teachers                                  | 11-230-100-101  | 308,022          | (6,000)          | 302,022          | 298,518          | 3,504   |
| General Supplies                                      | 11-230-100-610  | 4,000            | -                | 4,000            | 3,403            | 597   |
| <b>Total Basic Skills/Remedial</b>                    |                 | <b>312,022</b>   | <b>(6,000)</b>   | <b>306,022</b>   | <b>301,921</b>   | <b>4,101</b>                                  |
| <b>School Sponsored Cocurricular Activities:</b>      |                 |                  |                  |                  |                  |   |
| Salaries  | 11-401-100-100  | 50,500           | 7,476            | 57,976           | 56,157           | 1,819   |
| Supplies & Materials                                  | 11-401-100-600  | 3,520            | (830)            | 2,690            | 2,677            | 13  |
| Other Objects   | 11-401-100-800  | 1,500            | (608)            | 892              | 892              | -   |
| <b>Total School Sponsored Cocurricular Activities</b> |                 | <b>55,520</b>    | <b>6,038</b>     | <b>61,558</b>    | <b>59,726</b>    | <b>1,832</b>                                  |
| <b>School Sponsored Athletics:</b>                    |                 |                  |                  |                  |                  |   |
| Salaries  | 11-402-100-100  | 39,500           | -                | 39,500           | 38,801           | 699   |
| Purchased Services                                    | 11-402-100-500  | 7,508            | -                | 7,508            | 5,038            | 2,470   |
| Supplies & Materials                                  | 11-402-100-600  | 1,614            | -                | 1,614            | 899              | 715   |
| Other Objects   | 11-402-100-800  | 570              | -                | 570              | -                | 570   |
| <b>Total School Sponsored Athletics</b>               |                 | <b>49,192</b>    | <b>-</b>         | <b>49,192</b>    | <b>44,738</b>    | <b>4,454</b>                                  |
| <b>Total Other Instructional Programs</b>             |                 | <b>104,712</b>   | <b>6,038</b>     | <b>110,750</b>   | <b>104,464</b>   | <b>6,286</b>                                  |
| <b>Total - Instruction</b>                            |                 | <b>5,850,349</b> | <b>47,505</b>    | <b>5,897,854</b> | <b>5,507,203</b> | <b>390,651</b>                                |
| <b>Undistributed Expenditures:</b>                    |                 |                  |                  |                  |                  |   |
| <b>Instruction:</b>                                   |                 |                  |                  |                  |                  |   |
| Tuition to Other LEAs Within the State                | 11-000-100-561  | 14,000           | -                | 14,000           | -                | 14,000  |
| Tuition to Other LEAs Outside State                   | 11-000-100-562  | 93,022           | -                | 93,022           | 42,425           | 50,597  |
| Tuition to CSSD & Regional Day Schools                | 11-000-100-565  | 46,935           | -                | 46,935           | 42,211           | 4,724   |
| Tuition to Private School for The Handicap            | 11-000-100-567  | 91,437           | -                | 91,437           | 69,829           | 21,608  |
| <b>Total Instruction</b>                              |                 | <b>245,394</b>   | <b>-</b>         | <b>245,394</b>   | <b>154,465</b>   | <b>90,929</b>                                 |
| <b>Health Services:</b>                               |                 |                  |                  |                  |                  |   |
| Salaries  | 11-000-213-100  | 117,584          | -                | 117,584          | 114,685          | 2,899   |
| Purchased Professional & Technical Services           | 11-000-213-300  | 4,400            | -                | 4,400            | -                | 4,400   |
| Supplies and Materials                                | 11-000-213-600  | 1,988            | 2,500            | 4,488            | 3,901            | 587   |
| Other Objects   | 11-000-213-800  | 55               | -                | 55               | -                | 55  |
| <b>Total Health Services</b>                          |                 | <b>124,027</b>   | <b>2,500</b>     | <b>126,527</b>   | <b>118,586</b>   | <b>7,941</b>                                  |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | ACCOUNT NUMBERS | JUNE 30, 2016   |                  |                | ACTUAL         | POSITIVE/<br>(NEGATIVE)<br>FINAL TO<br>ACTUAL |
|---|-----------------|-----------------|------------------|----------------|----------------|---|
|   |                 | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET   |                |   |
| <b>Related Services:</b>  |                 |                 |                  |                |                |   |
| Salaries  | 11-000-216-101  | 119,444         | (24,107)         | 95,337         | 51,700         | 43,637  |
| Purchased Professional/Educational Services                       | 11-000-216-320  | 101,100         | 22,235           | 123,335        | 123,335        | -   |
| Supplies & Materials  | 11-000-216-610  | 3,000           | 1,480            | 4,480          | 4,434          | 46  |
| <b>Total Related Services</b>                                     |                 | <b>223,544</b>  | <b>(392)</b>     | <b>223,152</b> | <b>179,469</b> | <b>43,683</b>                                 |
| <b>Extra Services:</b>  |                 |                 |                  |                |                |   |
| Salaries  | 11-000-217-100  | 48,341          | 11,151           | 59,492         | 48,424         | 11,068  |
| Purchased Professional/Educational Services                       | 11-000-217-320  | 12,750          | -                | 12,750         | 8,672          | 4,078   |
| Supplies & Materials  | 11-000-217-610  | 8,000           | (5,000)          | 3,000          | 2,904          | 96  |
| <b>Total Extra Services</b>                                       |                 | <b>69,091</b>   | <b>6,151</b>     | <b>75,242</b>  | <b>60,000</b>  | <b>15,242</b>                                 |
| <b>Other Support Services - Students - Regular:</b>               |                 |                 |                  |                |                |   |
| Salaries of Other Professional Staff                              | 11-000-218-104  | 150,193         | -                | 150,193        | 149,218        | 975   |
| Purchased Professional/Educational Services                       | 11-000-218-390  | 3,000           | -                | 3,000          | -              | 3,000   |
| Supplies & Materials  | 11-000-218-600  | 1,250           | -                | 1,250          | 254            | 996   |
| Other Objects   | 11-000-218-800  | 200             | -                | 200            | 79             | 121   |
| <b>Total Other Support Services - Students - Regular</b>          |                 | <b>154,643</b>  | <b>-</b>         | <b>154,643</b> | <b>149,551</b> | <b>5,092</b>                                  |
| <b>Other Support Services - Students - Special Services:</b>      |                 |                 |                  |                |                |   |
| Salaries of Other Professional Staff                              | 11-000-219-104  | 364,993         | (10,750)         | 354,243        | 347,383        | 6,860   |
| Salaries of Secretarial & Clerical Assistants                     | 11-000-219-105  | 45,197          | -                | 45,197         | 44,258         | 939   |
| Purchased Professional/Educational Services                       | 11-000-219-320  | -               | 5,000            | 5,000          | 3,325          | 1,675   |
| Rental of Equipment   | 11-000-219-440  | 3,000           | (3,000)          | -              | -              | -   |
| Seminars/Travel   | 11-000-219-580  | 4,200           | (4,200)          | -              | -              | -   |
| Miscellaneous Purchased Services                                  | 11-000-219-592  | 3,000           | 5,848            | 8,848          | 3,818          | 5,030   |
| Supplies and Materials  | 11-000-219-600  | 5,600           | 5,400            | 11,000         | 10,949         | 51  |
| Other Objects   | 11-000-219-800  | 2,000           | -                | 2,000          | 1,925          | 75  |
| <b>Total Other Support Services - Students - Special Services</b> |                 | <b>427,990</b>  | <b>(1,702)</b>   | <b>426,288</b> | <b>411,658</b> | <b>14,630</b>                                 |
| <b>Improvement of Instruction:</b>                                |                 |                 |                  |                |                |   |
| Salary of Other Professional Staff                                | 11-000-221-104  | 60,626          | 24,812           | 85,438         | 85,241         | 197   |
| Purchased Services  | 11-000-221-590  | 650             | -                | 650            | -              | 650   |
| <b>Total Improvement of Instruction</b>                           |                 | <b>61,276</b>   | <b>24,812</b>    | <b>86,088</b>  | <b>85,241</b>  | <b>847</b>                                    |
| <b>Instructional Staff Training:</b>                              |                 |                 |                  |                |                |   |
| Purchased Professional/Educational Services                       | 11-000-223-320  | 5,500           | -                | 5,500          | 78             | 5,422   |
| Staff Development - Travel  | 11-000-223-580  | 6,050           | 100              | 6,150          | 5,861          | 289   |
| Supplies & Materials  | 11-000-223-600  | 1,000           | -                | 1,000          | -              | 1,000   |
| Other Objects   | 11-000-223-800  | 2,075           | -                | 2,075          | 1,800          | 275   |
| <b>Total Instructional Staff Training</b>                         |                 | <b>14,625</b>   | <b>100</b>       | <b>14,725</b>  | <b>7,739</b>   | <b>6,986</b>                                  |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | ACCOUNT NUMBERS | JUNE 30, 2016   |                  |                | ACTUAL         | POSITIVE/<br>(NEGATIVE)<br>FINAL TO<br>ACTUAL |
|--|-----------------|-----------------|------------------|----------------|----------------|---|
|  |                 | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET   |                |   |
| <b>Educational Media Services/School Library:</b>    |                 |                 |                  |                |                |   |
| Salaries   | 11-000-222-100  | 229,044         | 3,113            | 232,157        | 227,169        | 4,988   |
| Purchased Professional - Educational Services        | 11-000-222-300  | 4,738           | -                | 4,738          | 4,086          | 652   |
| Other Purchased Services                             | 11-000-222-500  | 3,000           | -                | 3,000          | -              | 3,000   |
| Supplies and Materials                               | 11-000-222-600  | 9,347           | -                | 9,347          | 9,232          | 115   |
| <b>Total Instructional Staff Training Services</b>   |                 | <b>246,129</b>  | <b>3,113</b>     | <b>249,242</b> | <b>240,487</b> | <b>8,755</b>                                  |
| <b>Support Services General Administration:</b>      |                 |                 |                  |                |                |   |
| Salaries   | 11-000-230-100  | 224,549         | (2,814)          | 221,735        | 221,617        | 118   |
| Legal Services                                       | 11-000-230-331  | 20,000          | 25,500           | 45,500         | 40,404         | 5,096   |
| Audit Services                                       | 11-000-230-332  | 18,500          | 3,100            | 21,600         | 21,565         | 35  |
| Architectural/Engineering Services                   | 11-000-230-334  | 2,000           | (2,000)          | -              | -              | -   |
| Other Purchased Professional Services                | 11-000-230-339  | 23,600          | (7,250)          | 16,350         | 16,343         | 7   |
| Communications/Telephone                             | 11-000-230-530  | 32,224          | 300              | 32,524         | 31,952         | 572   |
| Travel   | 11-000-230-580  | 2,000           | (2,000)          | -              | -              | -   |
| BOE Other Purchased Services                         | 11-000-230-585  | 2,900           | (1,000)          | 1,900          | 1,553          | 347   |
| Other Purchased Services                             | 11-000-230-590  | 19,600          | (2,950)          | 16,650         | 16,104         | 546   |
| Supplies and Materials                               | 11-000-230-600  | 3,192           | 3,796            | 6,988          | 6,958          | 30  |
| Miscellaneous Expenditures                           | 11-000-230-890  | 11,208          | (2,386)          | 8,822          | 7,549          | 1,273   |
| BOE Membership Dues & Fees                           | 11-000-230-895  | 7,400           | -                | 7,400          | 7,052          | 348   |
| <b>Total Support Services General Administration</b> |                 | <b>367,173</b>  | <b>12,296</b>    | <b>379,469</b> | <b>371,097</b> | <b>8,372</b>                                  |
| <b>Support Services School Administration:</b>       |                 |                 |                  |                |                |   |
| Salaries of Principals & Assistant Principals        | 11-000-240-103  | 265,864         | 10,000           | 275,864        | 265,782        | 10,082  |
| Salaries of Secretarial & Clerical Assistants        | 11-000-240-105  | 186,030         | 5,000            | 191,030        | 184,880        | 6,150   |
| Purchased Professional & Technical Services          | 11-000-240-300  | 15,900          | 700              | 16,600         | 16,029         | 571   |
| Other Purchased Services                             | 11-000-240-500  | 4,750           | 1,375            | 6,125          | 4,537          | 1,588   |
| Supplies & Materials                                 | 11-000-240-600  | 5,100           | 400              | 5,500          | 5,341          | 159   |
| Other Objects  | 11-000-240-800  | 3,750           | 125              | 3,875          | 3,806          | 69  |
| <b>Total Support Services School Administration</b>  |                 | <b>481,394</b>  | <b>17,600</b>    | <b>498,994</b> | <b>480,375</b> | <b>18,619</b>                                 |
| <b>Support Services Central Services:</b>            |                 |                 |                  |                |                |   |
| Salaries   | 11-000-251-100  | 255,426         | (700)            | 254,726        | 243,911        | 10,815  |
| Purchased Technical Services                         | 11-000-251-340  | 33,564          | 8,500            | 42,064         | 37,039         | 5,025   |
| Other Purchased Professional Services                | 11-000-251-590  | 3,000           | 1,500            | 4,500          | 2,698          | 1,802   |
| Travel   | 11-000-251-580  | 3,000           | (3,000)          | -              | -              | -   |
| Supplies and Materials                               | 11-000-251-600  | 4,500           | 1,000            | 5,500          | 3,905          | 1,595   |
| Miscellaneous Expenditures                           | 11-000-251-890  | 1,790           | -                | 1,790          | 1,790          | -   |
| <b>Total Support Services Central Services</b>       |                 | <b>301,280</b>  | <b>7,300</b>     | <b>308,580</b> | <b>289,343</b> | <b>19,237</b>                                 |
| <b>Administrative Information Technology:</b>        |                 |                 |                  |                |                |   |
| Salaries   | 11-000-252-100  | 22,803          | 2,000            | 24,803         | 22,781         | 2,022   |
| <b>Total Administrative Information Technology</b>   |                 | <b>22,803</b>   | <b>2,000</b>     | <b>24,803</b>  | <b>22,781</b>  | <b>2,022</b>                                  |
| <b>Total Central Services &amp; Admin IT</b>         |                 | <b>324,083</b>  | <b>9,300</b>     | <b>333,383</b> | <b>312,124</b> | <b>21,259</b>                                 |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | ACCOUNT<br>NUMBERS | JUNE 30, 2016      |                     |                   | ACTUAL            | POSITIVE/<br>(NEGATIVE)<br>FINAL TO<br>ACTUAL |
|---|--------------------|--------------------|---------------------|-------------------|-------------------|---|
|   |                    | ORIGINAL<br>BUDGET | BUDGET<br>TRANSFERS | FINAL<br>BUDGET   |                   |   |
| <b>Required Maintenance for School Facilities:</b>                  |                    |                    |                     |                   |                   |   |
| Salaries  | 11-000-261-100     | 110,962            | (825)               | 110,137           | 99,642            | 10,495  |
| Cleaning, Repair & Maintenance<br>Services                          | 11-000-261-420     | 102,193            | 23,099              | 125,292           | 122,351           | 2,941   |
| General Supplies  | 11-000-261-610     | 27,100             | 52,900              | 80,000            | 51,866            | 28,134  |
| <b>Total Required Maintenance for School Facilities</b>             |                    | <b>240,255</b>     | <b>75,174</b>       | <b>315,429</b>    | <b>273,859</b>    | <b>41,570</b>                                 |
| <b>Operation &amp; Maintenance of Plant:</b>                        |                    |                    |                     |                   |                   |   |
| <b>Required Maintenance for School Facilities:</b>                  |                    |                    |                     |                   |                   |   |
| Salaries  | 11-000-262-100     | 573,320            | (15,957)            | 557,363           | 543,191           | 14,172  |
| Purchased Professional/Technical<br>Services                        | 11-000-262-300     | 8,600              | -                   | 8,600             | 6,223             | 2,377   |
| Cleaning, Repair & Maintenance<br>Services                          | 11-000-262-420     | 23,387             | 5,100               | 28,487            | 13,911            | 14,576  |
| Insurance   | 11-000-262-520     | 28,000             | -                   | 28,000            | 27,568            | 432   |
| Travel  | 11-000-262-580     | 1,350              | 1,000               | 2,350             | 2,296             | 54  |
| General Supplies  | 11-000-262-610     | 68,982             | 14,703              | 83,685            | 81,371            | 2,314   |
| Energy (Natural Gas)  | 11-000-262-621     | 74,029             | -                   | 74,029            | 51,178            | 22,851  |
| Energy (Electricity)  | 11-000-262-622     | 150,259            | 9,000               | 159,259           | 124,217           | 35,042  |
| Other Objects   | 11-000-262-800     | 700                | -                   | 700               | 582               | 118   |
| <b>Total Operation &amp; Maintenance of Plant Services</b>          |                    | <b>928,627</b>     | <b>13,846</b>       | <b>942,473</b>    | <b>850,537</b>    | <b>91,936</b>                                 |
| <b>Student Transportation Services:</b>                             |                    |                    |                     |                   |                   |   |
| Purchased Professional & Technical<br>Services                      | 11-000-270-350     | 8,500              | -                   | 8,500             | 7,021             | 1,479   |
| Other Purchased Professional &<br>Technical Services                | 11-000-270-390     | 5,000              | 5,300               | 10,300            | 10,300            | -   |
| Contracted Services - (Between<br>Home & School) Vendors            | 11-000-270-511     | 538,387            | (1,325)             | 537,062           | 494,711           | 42,351  |
| Contracted Services - (Other Than Between<br>Home & School) Vendors | 11-000-270-512     | 13,700             | 1,325               | 15,025            | 15,025            | -   |
| Contracted Services - CTSA's<br>Regular                             | 11-000-270-517     | 28,310             | -                   | 28,310            | 28,310            | -   |
| Contracted Services - CTSA's<br>Special                             | 11-000-270-518     | 170,888            | (25,300)            | 145,588           | 113,863           | 31,725  |
| Aid in Lieu of Payments   | 11-000-270-503     | 13,500             | -                   | 13,500            | 12,995            | 505   |
| <b>Total Student Transportation Services</b>                        |                    | <b>778,285</b>     | <b>(20,000)</b>     | <b>758,285</b>    | <b>682,225</b>    | <b>76,060</b>                                 |
| <b>Unallocated Benefits - Employee Benefits:</b>                    |                    |                    |                     |                   |                   |   |
| Social Security Contributions                                       | 11-000-291-220     | 164,205            | -                   | 164,205           | 139,508           | 24,697  |
| PERS - Other Retirement   | 11-000-291-241     | 171,287            | 10,000              | 181,287           | 180,006           | 1,281   |
| Workmen's Compensation  | 11-000-291-260     | 52,900             | -                   | 52,900            | 52,070            | 830   |
| Health Benefits   | 11-000-291-270     | 2,270,592          | (194,696)           | 2,075,896         | 1,871,891         | 204,005                                       |
| Tuition Reimbursements  | 11-000-291-280     | 38,000             | 4,750               | 42,750            | 30,885            | 11,865  |
| Other Employee Benefits   | 11-000-291-290     | 182,500            | 1,128               | 183,628           | 183,628           | -   |
| <b>Total Unallocated Benefits - Employee Benefits</b>               |                    | <b>2,879,484</b>   | <b>(178,818)</b>    | <b>2,700,666</b>  | <b>2,457,988</b>  | <b>242,678</b>                                |
| <b>Nonbudgeted:</b>   |                    |                    |                     |                   |                   |   |
| On-Behalf TPAF Post-Retirement Medical Contributions                |                    | -                  | -                   | -                 | 543,082           | (543,082)                                     |
| On-Behalf TPAF Pension Contributions                                |                    | -                  | -                   | -                 | 456,094           | (456,094)                                     |
| Reimbursed TPAF Social Security Contributions                       |                    | -                  | -                   | -                 | 412,509           | (412,509)                                     |
| <b>Total Undistributed Expenditures</b>                             |                    | <b>7,566,020</b>   | <b>(36,020)</b>     | <b>7,530,000</b>  | <b>8,247,086</b>  | <b>(717,086)</b>                              |
| <b>Total Expenditures - Current Expense</b>                         |                    | <b>13,416,369</b>  | <b>11,485</b>       | <b>13,427,854</b> | <b>13,754,289</b> | <b>(326,435)</b>                              |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | ACCOUNT NUMBERS | JUNE 30, 2016       |                    |                     | ACTUAL              | POSITIVE/<br>(NEGATIVE)<br>FINAL TO<br>ACTUAL |
|---|-----------------|---------------------|--------------------|---------------------|---------------------|---|
|   |                 | ORIGINAL BUDGET     | BUDGET TRANSFERS   | FINAL BUDGET        |                     |   |
| <b>Capital Outlay:</b>  |                 |                     |                    |                     |                     |   |
| <b>Facilities Acquisition &amp; Construction Services:</b>              |                 |                     |                    |                     |                     |   |
| School Administration   | 12-000-240-732  | 22,772              | -                  | 22,772              | 21,075              | 1,697   |
| Required Maintenance for School Facilities                              | 12-000-261-731  | 18,500              | -                  | 18,500              | 17,300              | 1,200   |
| Lease Purchase Agreements - Principal                                   | 12-000-400-721  | 254,432             | -                  | 254,432             | 254,432             | -   |
| Assessment for Debt Service on SDA Funding                              | 12-000-400-896  | 39,138              | -                  | 39,138              | 39,138              | -   |
| <b>Total Facilities Acquisition &amp; Construction Services</b>         |                 | <b>334,842</b>      | <b>-</b>           | <b>334,842</b>      | <b>331,945</b>      | <b>2,897</b>                                  |
| <b>Total Capital Outlay</b>   |                 | <b>334,842</b>      | <b>-</b>           | <b>334,842</b>      | <b>331,945</b>      | <b>2,897</b>                                  |
| <b>Total Expenditures</b>   |                 | <b>13,751,211</b>   | <b>11,485</b>      | <b>13,762,696</b>   | <b>14,086,234</b>   | <b>(323,538)</b>                              |
| <b>Excess/(Deficiency) of Revenues</b>                                  |                 |                     |                    |                     |                     |   |
| Over/(Under) Expenditures   |                 | (838,429)           | (11,485)           | (849,914)           | 498,366             | 1,348,280                                     |
| <b>Other Financing Sources/(Uses):</b>                                  |                 |                     |                    |                     |                     |   |
| <b>Capital Reserve:</b>   |                 |                     |                    |                     |                     |   |
| Transfer to Debt Service  | 12-000-400-933  | (100,000)           | -                  | (100,000)           | (100,000)           | -   |
| <b>Total Other Financing Sources/(Uses)</b>                             |                 | <b>(100,000)</b>    | <b>-</b>           | <b>(100,000)</b>    | <b>(100,000)</b>    | <b>-</b>                                      |
| <b>Excess/(Deficiency) of Revenues Over/(Under)</b>                     |                 |                     |                    |                     |                     |   |
| Expenditures After Other Financing Sources/(Uses)                       |                 | (938,429)           | (11,485)           | (949,914)           | 398,366             | 1,348,280                                     |
| <b>Fund Balances, July 1</b>  |                 | <b>2,697,504</b>    | <b>-</b>           | <b>2,697,504</b>    | <b>2,697,504</b>    | <b>-</b>                                      |
| <b>Fund Balances, June 30</b>   |                 | <b>\$ 1,759,075</b> | <b>\$ (11,485)</b> | <b>\$ 1,747,590</b> | <b>\$ 3,095,870</b> | <b>\$ 1,348,280</b>                           |
| <b><u>RECAPITULATION OF BUDGET TRANSFERS</u></b>                        |                 |                     |                    |                     |                     |   |
| Prior Year Reserve for Encumbrances                                     |                 |                     | 11,485             |                     |                     |   |
| <b>Total Budget Transfers</b>   |                 |                     | <b>\$ 11,485</b>   |                     |                     |   |
| <b><u>RECAPITULATION OF FUND BALANCE</u></b>                            |                 |                     |                    |                     |                     |   |
| <b>Restricted Fund Balance:</b>   |                 |                     |                    |                     |                     |   |
| Maintenance Reserve   |                 |                     |                    |                     | \$ 70,000           |   |
| Emergency Reserve   |                 |                     |                    |                     | 196,000             |   |
| Capital Reserve   |                 |                     |                    |                     | 900,000             |   |
| Reserved Excess Surplus - Designated for Subsequent Year's Expenditures |                 |                     |                    |                     | 814,351             |   |
| Excess Surplus  |                 |                     |                    |                     | 807,771             |   |
| <b>Assigned:</b>  |                 |                     |                    |                     |                     |   |
| Year-End Encumbrances   |                 |                     |                    |                     | 51,826              |   |
| <b>Unassigned Fund Balance</b>  |                 |                     |                    |                     | <b>255,922</b>      |   |
| <b>Subtotal</b>   |                 |                     |                    |                     | <b>3,095,870</b>    |   |
| <b>Reconciliation to Governmental Fund Statements (GAAP):</b>           |                 |                     |                    |                     |                     |   |
| Last Two State Aid Payment Not Recognized on GAAP Basis                 |                 |                     |                    |                     | (420,515)           |   |
| <b>Fund Balance per Governmental Funds (GAAP)</b>                       |                 |                     |                    |                     | <b>\$ 2,675,355</b> |   |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | JUNE 30, 2016      |                     |                 | VARIANCE<br>POSITIVE/<br>(NEGATIVE)<br>FINAL TO<br>ACTUAL |
|---|--------------------|---------------------|-----------------|---|
|   | ORIGINAL<br>BUDGET | BUDGET<br>TRANSFERS | FINAL<br>BUDGET | ACTUAL  |
| <b>REVENUES</b>   |                    |                     |                 |   |
| Local Sources   | \$ 64,054          | \$ (296)            | \$ 63,758       | \$ 55,977   |
| Federal Sources   | 214,642            | 50,197              | 264,839         | 264,839   |
| <b>Total Revenues</b>   | <b>278,696</b>     | <b>49,901</b>       | <b>328,597</b>  | <b>320,816</b>  |
| <b>EXPENDITURES:</b>  |                    |                     |                 |   |
| Instruction:  |                    |                     |                 |   |
| Salaries of Teachers  | 13,000             | 14,593              | 27,593          | 27,593  |
| Purchased Professional Educational Services   | 10,000             | (10,000)            | -               | -   |
| Tuition   | 160,000            | 28,891              | 188,891         | 188,891   |
| General Supplies  | 73,644             | 16,436              | 90,080          | 82,298  |
| <b>Total Instruction</b>  | <b>256,644</b>     | <b>49,920</b>       | <b>306,564</b>  | <b>298,782</b>  |
| Support Services:   |                    |                     |                 |   |
| Other Salaries  | 8,000              | (162)               | 7,838           | 7,838   |
| Personal Services - Employee Benefits   | 1,650              | 1,060               | 2,710           | 2,711   |
| Purchased Professional Technical Services   | 7,000              | (1,348)             | 5,652           | 5,652   |
| Purchased Professional Educational Services   | -                  | 1,624               | 1,624           | 1,624   |
| Other Purchased Services  | 3,920              | -                   | 3,920           | 3,920   |
| General Supplies  | 1,482              | (1,193)             | 289             | 289   |
| <b>Total Support Services</b>   | <b>22,052</b>      | <b>(19)</b>         | <b>22,033</b>   | <b>22,034</b>   |
| <b>Total Expenditures</b>   | <b>278,696</b>     | <b>49,901</b>       | <b>328,597</b>  | <b>320,816</b>  |
| <b>Total Outflows</b>   | <b>278,696</b>     | <b>49,901</b>       | <b>328,597</b>  | <b>320,816</b>  |
| <b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures &amp; Other Financing Sources/(Uses)</b> | <b>\$ -</b>        | <b>\$ -</b>         | <b>\$ -</b>     | <b>\$ -</b>   |

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

|  | GENERAL<br>FUND      | SPECIAL<br>REVENUE<br>FUND |
|--|----------------------|----------------------------|
| Sources/Inflows of Resources:  |                      |                            |
| Actual Amounts (Budgetary Basis) "Revenue"   |                      |                            |
| From the Budgetary Comparison Schedule (C-Series)  | \$ 14,584,600        | \$ 320,816                 |
| Difference - Budget to GAAP:   |                      |                            |
| State aid payment recognized for GAAP statements in<br>the current year, previously recognized for budgetary<br>purposes.              | 414,927              | -                          |
| State aid payment recognized for budgetary purposes, not<br>recognized for GAAP statements until the subsequent year.                  | (420,515)            | -                          |
|  | <hr/>                | <hr/>                      |
| Total Revenues as Reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances - Governmental<br>Funds. (B-2)  | <u>\$ 14,579,012</u> | <u>\$ 320,816</u>          |
| Uses/Outflows of Resources:  |                      |                            |
| Actual amounts (budgetary basis) "total outflows" from the<br>budgetary comparison schedule  | <u>14,086,234</u>    | <u>320,816</u>             |
| Total Expenditures as Reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances<br>Governmental Funds (B-2) | <u>\$ 14,086,234</u> | <u>\$ 320,816</u>          |

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

|   | 2015         | 2014         | 2013         | 2012         | 2011  | 2010  | 2009  | 2008  | 2007  | 2006  |
|---|--------------|--------------|--------------|--------------|-------|-------|-------|-------|-------|-------|
| District's proportion of the net pension liability (asset)  | 0.02094%     | 0.01924%     | 0.01906%     | N/A          | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   |
| District's proportionate share of the net pension liability (asset)   | \$ 4,700,040 | \$ 3,601,987 | \$ 3,643,602 | N/A          | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   |
| District's covered-employee payroll   | \$ 1,340,753 | \$ 1,318,264 | \$ 1,330,845 | \$ 1,374,641 | **N/A | **N/A | **N/A | **N/A | **N/A | **N/A |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 350.55%      | 273.24%      | 273.78%      | N/A          | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   |
| Plan fiduciary net position as a percentage of the total pension liability  | 38.21%       | 52.08%       | 48.72%       | N/A          | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   |

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

|  | 2015         | 2014         | 2013         | 2012      | 2011  | 2010  | 2009  | 2008  | 2007  | 2006  |
|--|--------------|--------------|--------------|-----------|-------|-------|-------|-------|-------|-------|
| Contractually required contribution                                  | \$ 173,231   | \$ 180,006   | \$ 158,600   | 143,647   | **N/A | **N/A | **N/A | **N/A | **N/A | **N/A |
| Contributions in relation to the contractually required contribution | 173,231      | 180,006      | 158,600      | 143,647   | **N/A | **N/A | **N/A | **N/A | **N/A | **N/A |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | -         | **N/A | **N/A | **N/A | **N/A | **N/A | **N/A |
| District's covered-employee payroll                                  | \$ 1,340,753 | \$ 1,318,264 | \$ 1,318,264 | 1,330,845 | **N/A | **N/A | **N/A | **N/A | **N/A | **N/A |
| Contributions as a percentage of covered-employee payroll            | 12.92%       | 13.65%       | 12.03%       | **N/A     | **N/A | **N/A | **N/A | **N/A | **N/A | **N/A |

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



**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TEN FISCAL YEARS**

|   | 2015          | 2014          | 2013          | 2012         | 2011  | 2010  | 2009  | 2008  | 2007  | 2006  |
|---|---------------|---------------|---------------|--------------|-------|-------|-------|-------|-------|-------|
| District's proportion of the net pension liability (asset)  | 0.05770%      | 0.05731%      | 0.05813%      | N/A          | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   |
| State's proportionate share of the net pension liability (asset) associated with the District                       | \$ 36,469,762 | \$ 30,629,904 | \$ 29,378,568 | N/A          | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   |
| District's covered-employee payroll   | \$ 5,758,698  | \$ 5,713,243  | \$ 5,683,551  | \$ 5,714,850 | **N/A | **N/A | **N/A | **N/A | **N/A | **N/A |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.00%         | 0.00%         | 0.00%         | 0.00%        | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability  | 28.71%        | 33.64%        | 33.76%        | **N/A        | **N/A | **N/A | **N/A | **N/A | **N/A | **N/A |

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**SHAMONG TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2016**

**Teachers' Pension and Annuity Fund (TPAF)**

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

**Changes of assumptions.** Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

**Changes of assumptions.** Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | NO CHILD LEFT BEHIND |                    | I.D.E.A. PART B   |                  | SHAMONG<br>TOWNSHIP<br>FOUNDATION<br>FOR<br>EDUCATION<br>EXCELLENCE | 2016              |
|--|----------------------|--------------------|-------------------|------------------|---|-------------------|
|  | TITLE I              | TITLE II<br>PART A | REGULAR           | PRESCHOOL        |   |                   |
| <b>Revenues:</b>                                 |                      |                    |                   |                  |   |                   |
| Federal Sources                                  | \$ 52,933            | \$ 11,996          | \$ 188,891        | \$ 11,019        | \$ -  | \$ 264,839        |
| Local Sources                                    | -                    | -                  | -                 | -                | 55,977  | 55,977            |
| <b>Total Revenues</b>                            | <b>\$ 52,933</b>     | <b>\$ 11,996</b>   | <b>\$ 188,891</b> | <b>\$ 11,019</b> | <b>\$ 55,977</b>  | <b>\$ 320,816</b> |
| <b>Expenditures:</b>                             |                      |                    |                   |                  |   |                   |
| <b>Instruction:</b>                              |                      |                    |                   |                  |   |                   |
| Salaries of Teachers                             | \$ 27,593            | \$ -               | \$ -              | \$ -             | \$ -  | \$ 27,593         |
| Tuition  | -                    | -                  | 188,891           | -                | -   | 188,891           |
| General Supplies                                 | 19,629               | 1,217              | -                 | 9,395            | 52,057  | 82,298            |
| <b>Total Instruction</b>                         | <b>47,222</b>        | <b>1,217</b>       | <b>188,891</b>    | <b>9,395</b>     | <b>52,057</b>   | <b>298,782</b>    |
| <b>Support Services:</b>                         |                      |                    |                   |                  |   |                   |
| Salaries   | -                    | 7,838              | -                 | -                | -   | 7,838             |
| Personal Services -<br>Employee Benefits         | 2,111                | 600                | -                 | -                | -   | 2,711             |
| Purchased Professional -<br>Technical Services   | 3,600                | 2,052              | -                 | -                | -   | 5,652             |
| Purchased Professional -<br>Educational Services | -                    | -                  | -                 | 1,624            | -   | 1,624             |
| Other Purchased Services<br>(400-500 Series)     | -                    | -                  | -                 | -                | 3,920   | 3,920             |
| General Supplies                                 | -                    | 289                | -                 | -                | -   | 289               |
| <b>Total Support Services</b>                    | <b>5,711</b>         | <b>10,779</b>      | <b>-</b>          | <b>1,624</b>     | <b>3,920</b>  | <b>18,114</b>     |
| <b>Total Expenditures</b>                        | <b>\$ 52,933</b>     | <b>\$ 11,996</b>   | <b>\$ 188,891</b> | <b>\$ 11,019</b> | <b>\$ 55,977</b>  | <b>\$ 320,816</b> |

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F. Capital Projects Fund

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

| PROJECT TITLE/ISSUE  | ORIGINAL DATE | APPROPRIATIONS      | EXPENDITURES TO DATE<br>PRIOR YEARS | CURRENT YEAR        | CANCELLATION OF<br>GRANT RECEIVABLE | TRANSFER<br>TO DEBT<br>SERVICE<br>FUND | UNEXPENDED<br>BALANCE<br>JUNE 30,<br>2016 |
|--|---------------|---------------------|-------------------------------------|---------------------|-------------------------------------|--|---|
| Replacement of Exterior Doors<br>at Indian Mills Memorial School<br>Security Upgrades at Indian<br>Mills Memorial School | 3/31/2014     | \$ 131,000          | \$ 11,888                           | \$ 99,435           | \$ -                                | \$ -                                   | \$ 19,677                                 |
| Air Conditioning Upgrades at<br>Indian Mills Elementary School<br>Security Upgrades at Indian<br>Mills Elementary School | 3/31/2014     | 227,500             | 7,451                               | 190,857             | -                                   | -                                      | 29,192                                    |
| Window Replacement at Indian<br>Mills Elementary School  | 3/31/2014     | 1,192,000           | 85,115                              | 479,858             | -                                   | -                                      | 627,027                                   |
| Renovations, Site Work & Solar Panel<br>Installation at Indian Mills Memorial<br>School & Indian Mills School            | 3/31/2014     | 261,500             | 7,831                               | 217,903             | -                                   | -                                      | 35,766                                    |
|  | 3/31/2014     | 169,000             | 13,550                              | 130,411             | -                                   | -                                      | 25,039                                    |
|  | 9/29/2009     | 2,676,416           | 2,317,676                           | 17,686              | 65,558                              | 146,090                                | 129,406                                   |
| <b>Total</b>   |               | <b>\$ 4,657,416</b> | <b>\$ 2,443,511</b>                 | <b>\$ 1,136,150</b> | <b>\$ 65,558</b>                    | <b>\$ 146,090</b>                      | <b>\$ 866,107</b>                         |

Reconciliation - Unexpended Capital Project Balances to Fund Balance - June 30, 2016

Unexpended Project Balances June 30, 2016

\$ 866,107

Less:

SDA Grant Revenue not Recognized on GAAP Basis

(294,683)

Total Fund Balance (GAAP Basis) - June 30, 2016

\$ 571,424

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  |                          |
|--|--------------------------|
| EXPENDITURES:  |                          |
| Purchased Professional &<br>Technical Services               | \$ 43,940                |
| Construction Services  | <u>1,092,210</u>         |
| Total Expenditures   | <u>1,136,150</u>         |
| Excess/(Deficiency) of Revenues<br>Over/(Under) Expenditures | <u>(1,136,150)</u>       |
| Other Financing Sources/ (Uses):                             |                          |
| Transfer to Debt Service Fund                                | <u>(31,671)</u>          |
| Total Other Financing Sources/ (Uses)                        | <u>(31,671)</u>          |
| Net Change in Fund Balance                                   | (1,167,821)              |
| Fund Balance - Beginning                                     | <u>2,033,928</u>         |
| Fund Balance - Ending  | <u><u>\$ 866,107</u></u> |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
INDIAN MILLS MEMORIAL SCHOOL & INDIAN MILLS SCHOOL  
RENOVATIONS, SITE WORK AND SOLAR PANEL INSTALLATION  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

|   | PRIOR<br>PERIODS  | CURRENT<br>YEAR    | TOTALS            | REVISED<br>AUTHORIZED<br>COST |
|---|-------------------|--------------------|-------------------|-------------------------------|
| <b>Revenues &amp; Other Financing Sources:</b>                        |                   |                    |                   |                               |
| State Sources - SDA Grant   | \$ 677,416        | \$ -               | \$ 677,416        | \$ 677,416                    |
| Bond Proceeds & Transfers   | 1,999,000         | -                  | 1,999,000         | 1,999,000                     |
| <b>Total Revenues</b>   | <b>2,676,416</b>  | <b>-</b>           | <b>2,676,416</b>  | <b>2,676,416</b>              |
| <b>Expenditures &amp; Other Financing Uses:</b>                       |                   |                    |                   |                               |
| Purchased Professional & Technical Services                           | 243,063           | -                  | 243,063           | 243,063                       |
| Construction Services   | 2,035,825         | 17,686             | 2,053,511         | 2,053,511                     |
| Equipment Purchases   |                   |                    |                   |                               |
| Supplies  | 30,423            | -                  | 30,423            | 30,423                        |
| Miscellaneous   | 8,365             | -                  | 8,365             | 8,365                         |
| <b>Total Expenditures</b>   | <b>2,317,676</b>  | <b>17,686</b>      | <b>2,335,362</b>  | <b>2,335,362</b>              |
| <b>Other Financing Sources/ (Uses):</b>                               |                   |                    |                   |                               |
| Cancellation of Grant Receivable                                      | 65,558            |                    | 65,558            | 65,558                        |
| Transfer to Debt Service Fund   | 114,419           | 31,671             | 146,090           | 146,090                       |
| <b>Total Other Financing Sources/ (Uses)</b>                          | <b>179,977</b>    | <b>31,671</b>      | <b>211,648</b>    | <b>211,648</b>                |
| <b>Excess/(Deficiency) of Revenues Over/<br/>(Under) Expenditures</b> | <b>\$ 178,763</b> | <b>\$ (49,357)</b> | <b>\$ 129,406</b> | <b>\$ 129,406</b>             |

**Additional Project Information:**

|   |              |
|---|--------------|
| Project Number                                    | 4740-050-09  |
| Grant Date  | N/A          |
| Bond Authorization Date                           | 8/26/10      |
| Bonds Authorization                               | 8/26/10      |
| Bonds Issued                                      | 1,999,000    |
| Original Authorized Cost                          | \$ 2,676,416 |
| Additional Authorized Cost                        | \$ -         |
| Revised Authorized Cost                           | \$ 2,676,416 |
| Percentage Increase Over Original Authorized Cost | 0.00%        |
| Percentage Completion                             | Complete     |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
INDIAN MILLS MEMORIAL SCHOOL  
REPLACEMENT OF EXTERIOR DOORS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

|   | PRIOR<br>PERIODS  | CURRENT<br>YEAR    | TOTALS           | REVISED<br>AUTHORIZED<br>COST |
|---|-------------------|--------------------|------------------|-------------------------------|
| <b>Revenues &amp; Other Financing Sources:</b>                        |                   |                    |                  |                               |
| State Sources - SDA Grant   | \$ 52,400         | \$ -               | \$ 52,400        | \$ 52,400                     |
| Bond Proceeds & Transfers   | 78,600            | -                  | 78,600           | 78,600                        |
| <b>Total Revenues</b>   | <b>131,000</b>    | <b>-</b>           | <b>131,000</b>   | <b>131,000</b>                |
| <b>Expenditures &amp; Other Financing Uses:</b>                       |                   |                    |                  |                               |
| Purchased Professional & Technical<br>Services                        | 11,888            | 1,620              | 13,508           | 15,500                        |
| Construction Services   | -                 | 97,815             | 97,815           | 115,500                       |
| <b>Total Expenditures</b>   | <b>11,888</b>     | <b>99,435</b>      | <b>111,323</b>   | <b>131,000</b>                |
| <b>Excess/(Deficiency) of Revenues Over/<br/>(Under) Expenditures</b> | <b>\$ 119,112</b> | <b>\$ (99,435)</b> | <b>\$ 19,677</b> | <b>\$ -</b>                   |

**Additional Project Information:**

|   |                  |
|---|------------------|
| Project Number                                    | 4740-055-14-1013 |
| Grant Date  | N/A              |
| Bond Authorization Date                           | 2/11/15          |
| Bonds Authorization                               |                  |
| Bonds Issued                                      | N/A              |
| Original Authorized Cost                          | \$ 131,000       |
| Additional Authorized Cost                        | \$ -             |
| Revised Authorized Cost                           | \$ 131,000       |
| Percentage Increase Over Original Authorized Cost | 0.00%            |
| Percentage Completion                             | 84.98%           |
| Original Target Completion Date                   | 9/2016           |
| Revised Target Completion Date                    | 9/2016           |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
INDIAN MILLS MEMORIAL SCHOOL  
SECURITY UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

|   | PRIOR<br>PERIODS | CURRENT<br>YEAR | TOTALS         | REVISED<br>AUTHORIZED<br>COST |
|---|------------------|-----------------|----------------|-------------------------------|
| Revenues & Other Financing Sources:                           |                  |                 |                |                               |
| State Sources - SDA Grant                                     | \$ 91,000        | \$ -            | \$ 91,000      | \$ 91,000                     |
| Bond Proceeds & Transfers                                     | 136,500          | -               | 136,500        | 136,500                       |
| <b>Total Revenues</b>   | <b>227,500</b>   | <b>-</b>        | <b>227,500</b> | <b>227,500</b>                |
| Expenditures & Other Financing Uses:                          |                  |                 |                |                               |
| Purchased Professional & Technical<br>Services                | 7,451            | 11,680          | 19,131         | 20,150                        |
| Construction Services   | -                | 179,177         | 179,177        | 207,350                       |
| <b>Total Expenditures</b>                                     | <b>7,451</b>     | <b>190,857</b>  | <b>198,308</b> | <b>227,500</b>                |
| Excess/(Deficiency) of Revenues Over/<br>(Under) Expenditures | \$ 220,049       | \$ (190,857)    | \$ 29,192      | \$ -                          |

## Additional Project Information:

|   |                  |
|---|------------------|
| Project Number                                    | 4740-055-14-1012 |
| Grant Date  | N/A              |
| Bond Authorization Date                           | 2/11/15          |
| Bonds Authorization                               |                  |
| Bonds Issued                                      | N/A              |
| Original Authorized Cost                          | \$ 227,500       |
| Additional Authorized Cost                        | \$ -             |
| Revised Authorized Cost                           | \$ 227,500       |
| Percentage Increase Over Original Authorized Cost | 0.00%            |
| Percentage Completion                             | 87.17%           |
| Original Target Completion Date                   | 9/2016           |
| Revised Target Completion Date                    | 9/2016           |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
INDIAN MILLS SCHOOL  
CLASSROOM AIR CONDITIONING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

|   | PRIOR<br>PERIODS | CURRENT<br>YEAR | TOTALS           | REVISED<br>AUTHORIZED<br>COST |
|---|------------------|-----------------|------------------|-------------------------------|
| Revenues & Other Financing Sources:                           |                  |                 |                  |                               |
| State Sources - SDA Grant                                     | \$ 476,800       | \$ -            | \$ 476,800       | \$ 476,800                    |
| Bond Proceeds & Transfers                                     | 715,200          | -               | 715,200          | 715,200                       |
| <b>Total Revenues</b>   | <b>1,192,000</b> | <b>-</b>        | <b>1,192,000</b> | <b>1,192,000</b>              |
| Expenditures & Other Financing Uses:                          |                  |                 |                  |                               |
| Purchased Professional & Technical Services                   | 67,302           | 15,340          | 82,642           | 103,000                       |
| Construction Services   | 17,813           | 464,518         | 482,331          | 1,089,000                     |
| <b>Total Expenditures</b>                                     | <b>85,115</b>    | <b>479,858</b>  | <b>564,973</b>   | <b>1,192,000</b>              |
| Excess/(Deficiency) of Revenues Over/<br>(Under) Expenditures | \$ 1,106,885     | \$ (479,858)    | \$ 627,027       | \$ -                          |

## Additional Project Information:

|   |                  |
|---|------------------|
| Project Number                                    | 4740-050-14-1005 |
| Grant Date  | N/A              |
| Bond Authorization Date                           | 2/11/15          |
| Bonds Authorization                               |                  |
| Bonds Issued                                      | N/A              |
| Original Authorized Cost                          | \$ 1,192,000     |
| Additional Authorized Cost                        | \$ -             |
| Revised Authorized Cost                           | \$ 1,192,000     |
| Percentage Increase Over Original Authorized Cost | 0.00%            |
| Percentage Completion                             | 47.40%           |
| Original Target Completion Date                   | 6/2017           |
| Revised Target Completion Date                    | 6/2017           |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
INDIAN MILLS SCHOOL  
SECURITY UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

|   | PRIOR<br>PERIODS | CURRENT<br>YEAR | TOTALS         | REVISED<br>AUTHORIZED<br>COST |
|---|------------------|-----------------|----------------|-------------------------------|
| Revenues & Other Financing Sources:                           |                  |                 |                |                               |
| State Sources - SDA Grant                                     | \$ 104,600       | \$ -            | \$ 104,600     | \$ 104,600                    |
| Bond Proceeds & Transfers                                     | 156,900          | -               | 156,900        | 156,900                       |
| <b>Total Revenues</b>   | <b>261,500</b>   | <b>-</b>        | <b>261,500</b> | <b>261,500</b>                |
| Expenditures & Other Financing Uses:                          |                  |                 |                |                               |
| Purchased Professional & Technical<br>Services                | 7,831            | 13,200          | 21,031         | 27,310                        |
| Construction Services   | -                | 204,703         | 204,703        | 234,190                       |
| <b>Total Expenditures</b>                                     | <b>7,831</b>     | <b>217,903</b>  | <b>225,734</b> | <b>261,500</b>                |
| Excess/(Deficiency) of Revenues Over/<br>(Under) Expenditures | \$ 253,669       | \$ (217,903)    | \$ 35,766      | \$ -                          |

## Additional Project Information:

|   |                  |
|---|------------------|
| Project Number                                    | 4740-050-14-1003 |
| Grant Date  | N/A              |
| Bond Authorization Date                           | 2/11/15          |
| Bonds Authorization                               |                  |
| Bonds Issued                                      | N/A              |
| Original Authorized Cost                          | \$ 261,500       |
| Additional Authorized Cost                        | \$ -             |
| Revised Authorized Cost                           | \$ 261,500       |
| Percentage Increase Over Original Authorized Cost | 0.00%            |
| Percentage Completion                             | 86.32%           |
| Original Target Completion Date                   | 9/2016           |
| Revised Target Completion Date                    | 9/2016           |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
INDIAN MILLS SCHOOL  
WINDOW REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

|   | PRIOR<br>PERIODS | CURRENT<br>YEAR | TOTALS         | REVISED<br>AUTHORIZED<br>COST |
|---|------------------|-----------------|----------------|-------------------------------|
| <b>Revenues &amp; Other Financing Sources:</b>                |                  |                 |                |                               |
| State Sources - SDA Grant                                     | \$ 67,600        | \$ -            | \$ 67,600      | \$ 67,600                     |
| Bond Proceeds & Transfers                                     | 101,400          | -               | 101,400        | 101,400                       |
| <b>Total Revenues</b>   | <b>169,000</b>   | <b>-</b>        | <b>169,000</b> | <b>169,000</b>                |
| <b>Expenditures &amp; Other Financing Uses:</b>               |                  |                 |                |                               |
| Purchased Professional & Technical Services                   | 13,550           | 2,100           | 15,650         | 19,400                        |
| Construction Services   | -                | 128,311         | 128,311        | 149,600                       |
| <b>Total Expenditures</b>                                     | <b>13,550</b>    | <b>130,411</b>  | <b>143,961</b> | <b>169,000</b>                |
| Excess/(Deficiency) of Revenues Over/<br>(Under) Expenditures | \$ 155,450       | \$ (130,411)    | \$ 25,039      | \$ -                          |

**Additional Project Information:**

|   |                  |
|---|------------------|
| Project Number                                    | 4740-050-14-1004 |
| Grant Date  | N/A              |
| Bond Authorization Date                           | 2/11/15          |
| Bonds Authorization                               |                  |
| Bonds Issued                                      | N/A              |
| Original Authorized Cost                          | \$ 169,000       |
| Additional Authorized Cost                        | \$ -             |
| Revised Authorized Cost                           | \$ 169,000       |
| Percentage Increase Over Original Authorized Cost | 0.00%            |
| Percentage Completion                             | 85.18%           |
| Original Target Completion Date                   | 9/2016           |
| Revised Target Completion Date                    | 9/2016           |



G. Proprietary Funds

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Enterprise Funds

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2016**

| ASSETS                           | <u>TOTALS</u><br>FOOD<br>SERVICE |
|----------------------------------|----------------------------------|
| Current Assets:                  |                                  |
| Cash & Cash Equivalents          | \$ 13,582                        |
| Accounts Receivable:             |                                  |
| State                            | 451                              |
| Federal                          | 9,644                            |
| Other                            | 3,584                            |
| Interfund                        | 4,403                            |
| Inventories                      | <u>2,643</u>                     |
| Total Current Assets             | <u>34,307</u>                    |
| Noncurrent Assets:               |                                  |
| Furniture, Machinery & Equipment | 63,622                           |
| Less: Accumulated Depreciation   | <u>(39,635)</u>                  |
| Total Capital Assets             | <u>23,987</u>                    |
| Total Assets                     | <u>58,294</u>                    |
| LIABILITIES                      |                                  |
| Accounts Payable                 | <u>17,522</u>                    |
| Total Liabilities                | <u>17,522</u>                    |
| NET ASSETS                       |                                  |
| Net Investment in Capital Assets | 23,987                           |
| Unrestricted                     | <u>16,785</u>                    |
| Total Net Position               | <u><u>\$ 40,772</u></u>          |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES  
EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | TOTALS                  |
|--|-------------------------|
|  | FOOD<br>SERVICE<br>FUND |
| Operating Revenues:                    |                         |
| Local Sources:                         |                         |
| Daily Sales - Reimbursable Programs    | \$ 111,856              |
| Daily Sales - Nonreimbursable Programs | 69,646                  |
| Miscellaneous                          | 9,084                   |
| Total Operating Revenue                | 190,586                 |
| Operating Expenses:                    |                         |
| Cost of Sales                          | 102,964                 |
| Salaries & Benefits                    | 113,959                 |
| Miscellaneous Expenses                 | 8,449                   |
| Management Fee                         | 20,200                  |
| Supplies and Materials                 | 8,399                   |
| Depreciation                           | 4,820                   |
| Total Operating Expenses               | 258,791                 |
| Operating Income/(Loss)                | (68,205)                |
| Nonoperating Revenues (Expenses):      |                         |
| State Sources:                         |                         |
| State School Lunch Program             | 2,283                   |
| Federal Sources:                       |                         |
| National School Lunch Program          | 43,231                  |
| Healthy Hunger-Free Kids Act           | 3,088                   |
| Cash in Lieu of Commodities            | 15,966                  |
| Total Nonoperating Revenues/(Expenses) | 64,568                  |
| Other Financing Sources/(Uses):        |                         |
| Interest Revenue - Board Contribution  | -                       |
| Total Other Financing Sources/(Uses)   | -                       |
| Change in Net Position                 | (3,637)                 |
| Total Net Position - Beginning         | 44,409                  |
| Total Net Position - Ending            | \$ 40,772               |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

|   | TOTALS                  |
|---|-------------------------|
|   | FOOD<br>SERVICE<br>FUND |
| Cash Flows From Operating Activities:                       |                         |
| Receipts from Customers                                     | \$ 203,192              |
| Payments to Employees                                       | (113,959)               |
| Payments to Suppliers                                       | (147,727)               |
|   | (58,494)                |
| Net Cash Provided/(Used) by Operating Activities            | (58,494)                |
| Cash Flows From Noncapital Financing Activities:            |                         |
| State Sources   | 1,839                   |
| Federal Sources   | 52,787                  |
|   | 54,626                  |
| Net Cash Provided/(Used) by Noncapital Financing Activities | 54,626                  |
| Net Increase/(Decrease) in Cash & Cash Equivalents          | (3,868)                 |
| Balances - Beginning of Year                                | 17,450                  |
| Balances - End of Year                                      | \$ 13,582               |

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

|   |             |
|---|-------------|
| Operating Income/(Loss)   | \$ (68,205) |
| Adjustments to Reconcile Operating Income/(Loss) to<br>Net Cash Provided/(Used For) Operating Activities: |             |
| Depreciation & Net Amortization   | 4,820       |
| (Increase)/Decrease in Accounts Receivable  | 12,606      |
| Increase/(Decrease) in Accounts Payable   | (7,411)     |
| (Increase)/Decrease in Inventories  | (304)       |
|   | (58,494)    |
| Net Cash Provided/(Used) by Operating Activities  | \$ (58,494) |

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

| ASSETS                               | PRIVATE<br>PURPOSE                        | AGENCY FUNDS        |           | TOTAL      |
|--------------------------------------|---|---------------------|-----------|------------|
|                                      | UNEMPLOYMENT<br>COMPENSATION<br>INSURANCE | STUDENT<br>ACTIVITY | PAYROLL   |            |
| Assets:                              |   |                     |           |            |
| Cash & Cash Equivalents              | \$ 96,141                                 | \$ 65,517           | \$ 10,973 | \$ 172,631 |
| Total Assets                         | 96,141                                    | 65,517              | 10,973    | 172,631    |
| LIABILITIES                          |   |                     |           |            |
| Liabilities:                         |   |                     |           |            |
| Payroll Deductions &<br>Withholdings | -   | -                   | 8,973     | 8,973      |
| Interfund Payable                    | -   | -                   | 2,000     | 2,000      |
| Due to Student Groups                | -   | 65,517              | -         | 65,517     |
| Total Liabilities                    | -   | 65,517              | 10,973    | 76,490     |
| NET POSITION                         |   |                     |           |            |
| Restricted                           | 96,141                                    | -                   | -         | 96,141     |
| Total Net Position                   | \$ 96,141                                 | \$ -                | \$ -      | \$ 96,141  |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2016**

|  | PRIVATE<br>PURPOSE<br>UNEMPLOYMENT<br>COMPENSATION<br>INSURANCE | TOTAL       |
|--|---|-------------|
| Additions:                                 |   |             |
| Local Sources:                             |   |             |
| Employee Contributions                     | \$ 30,000   | \$ 30,000   |
|  | <hr/>   | <hr/>       |
| Total Operating Revenues                   | 30,000  | 30,000      |
|  | <hr/>   | <hr/>       |
| Total Additions                            | 30,000  | 30,000      |
|  | <hr/>   | <hr/>       |
| Deductions:                                |   |             |
| Unemployment Compensation Insurance Claims | 37,855  | 37,855      |
|  | <hr/>   | <hr/>       |
| Change in Net Position                     | (7,855)   | (7,855)     |
| Net Position, July 1                       | 103,996   | 103,996     |
|  | <hr/>   | <hr/>       |
| Net Position, June 30                      | \$ 96,141   | \$ 96,141   |
|  | <hr/> <hr/>   | <hr/> <hr/> |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STUDENT ACTIVITY AGENCY FUND SCHEDULE  
OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|                               | BALANCE<br>JULY 1,<br>2015 | CASH<br>RECEIPTS | CASH<br>DISBURSEMENTS | BALANCE<br>JUNE 30,<br>2016 |
|-------------------------------|----------------------------|------------------|-----------------------|-----------------------------|
| Student Activities            | \$ 44,560                  | \$ 71,384        | \$ 51,859             | \$ 64,085                   |
| Basketball League             | 1,606                      | 600              | 774                   | 1,432                       |
| <b>Total Student Activity</b> | <b>\$ 46,166</b>           | <b>\$ 71,984</b> | <b>\$ 52,633</b>      | <b>\$ 65,517</b>            |

**PAYROLL FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| ASSETS   | BALANCE<br>JULY 1,<br>2015 | ADDITIONS           | DISBURSEMENTS       | BALANCE<br>JUNE 30,<br>2016 |
|--|----------------------------|---------------------|---------------------|-----------------------------|
| Cash & Cash Equivalents                                  | \$ 23,487                  | \$ 8,562,248        | \$ 8,574,762        | \$ 10,973                   |
| <b>Total Assets</b>                                      | <b>\$ 21,452</b>           | <b>\$ 8,562,248</b> | <b>\$ 8,574,762</b> | <b>\$ 10,973</b>            |
| <b>LIABILITIES</b>                                       |                            |                     |                     |                             |
| Payroll Deductions & Withholdings<br>Due to General Fund | \$ 21,487<br>2,000         | \$ 8,562,248<br>-   | \$ 8,574,762<br>-   | \$ 8,973<br>2,000           |
| <b>Total Liabilities</b>                                 | <b>\$ 23,487</b>           | <b>\$ 8,562,248</b> | <b>\$ 8,574,762</b> | <b>\$ 10,973</b>            |

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## I. Long-Term Debt

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| ISSUE                | DATE OF ISSUE | AMOUNT OF ISSUE | ANNUAL PAYMENTS |            | INTEREST RATE | AMOUNT OUTSTANDING JUNE 30, 2015 | ISSUED | RETIRED    | AMOUNT OUTSTANDING JUNE 30, 2016 |
|----------------------|---------------|-----------------|-----------------|------------|---------------|----------------------------------|--------|------------|----------------------------------|
|                      |               |                 | DATE            | AMOUNT     |               |                                  |        |            |                                  |
| School Bond Issue    | 8/26/2010     | \$ 1,999,000    | 2/15/2017       | \$ 115,000 | 3.125%        | \$ 1,609,000                     | \$ -   | \$ 110,000 | \$ 1,499,000                     |
|                      | 2/15/2018     | 120,000         | 2/15/2018       | 120,000    | 3.125%        |                                  |        |            |                                  |
|                      | 2/15/2019     | 130,000         | 2/15/2019       | 130,000    | 3.125%        |                                  |        |            |                                  |
|                      | 2/15/2020     | 140,000         | 2/15/2020       | 140,000    | 3.125%        |                                  |        |            |                                  |
|                      | 2/15/2021     | 150,000         | 2/15/2021       | 150,000    | 3.125%        |                                  |        |            |                                  |
|                      | 2/15/2022     | 155,000         | 2/15/2022       | 155,000    | 3.125%        |                                  |        |            |                                  |
|                      | 2/15/2023     | 160,000         | 2/15/2023       | 160,000    | 3.125%        |                                  |        |            |                                  |
|                      | 2/15/2024     | 170,000         | 2/15/2024       | 170,000    | 3.250%        |                                  |        |            |                                  |
|                      | 2/15/2025     | 180,000         | 2/15/2025       | 180,000    | 3.375%        |                                  |        |            |                                  |
|                      |               |                 | 2/15/2026       | 179,000    | 3.500%        |                                  |        |            |                                  |
| 2013 Refunding Bonds | 11/15/2012    | 3,145,000       | 5/5/2017        | 645,000    | 4.000%        | 1,945,000                        | -      | 630,000    | 1,315,000                        |
|                      |               |                 | 5/5/2018        | 670,000    | 4.000%        |                                  |        |            |                                  |
| Total                |               |                 |                 |            |               | \$ 3,554,000                     | \$ -   | \$ 740,000 | \$ 2,814,000                     |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

| DATE OF LEASE | SERIES                 | INTEREST<br>RATE<br>PAYABLE | BALANCE<br>OUTSTANDING<br>JULY 1,<br>2015 | ISSUED<br>CURRENT<br>YEAR | RETIRED<br>CURRENT<br>YEAR | BALANCE<br>OUTSTANDING<br>JUNE 30,<br>2016 |
|---------------|------------------------|-----------------------------|---|---------------------------|----------------------------|--|
| 2/11/2015     | Replace Exterior Doors | 0.740%                      | \$ 78,600                                 | \$ -                      | \$ 15,720                  | \$ 62,880                                  |
| 2/11/2015     | Security Upgrades      | 0.740%                      | 136,500                                   | -                         | 27,300                     | 109,200                                    |
| 2/11/2015     | Air Conditioning       | 0.740%                      | 715,200                                   | -                         | 143,040                    | 572,160                                    |
| 2/11/2015     | Security Upgrades      | 0.740%                      | 156,900                                   | -                         | 31,380                     | 125,520                                    |
| 2/11/2015     | Window Replacement     | 0.740%                      | 101,400                                   | -                         | 20,280                     | 81,120                                     |
|               |                        |                             | <u>\$ 1,188,600</u>                       | <u>\$ -</u>               | <u>\$ 237,720</u>          | <u>\$ 950,880</u>                          |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

|  | JUNE 30, 2016      |                     |                 | VARIANCE<br>POSITIVE/<br>(NEGATIVE)<br>FINAL TO<br>ACTUAL |
|--|--------------------|---------------------|-----------------|---|
|  | ORIGINAL<br>BUDGET | BUDGET<br>TRANSFERS | FINAL<br>BUDGET |   |
| Revenues:  |                    |                     |                 |   |
| Local Sources:   |                    |                     |                 |   |
| Local Tax Levy   | \$ 676,038         | \$ -                | \$ 676,038      | \$ 676,038  |
| State Sources:   |                    |                     |                 |   |
| Debt Service Aid Type II                                     | 30,777             | -                   | 30,777          | 30,777  |
| Miscellaneous  | 50,000             | -                   | 50,000          | 18,329  |
|  |                    |                     |                 | (31,671)  |
| Total Revenues   | 756,815            | -                   | 756,815         | 725,144   |
|  |                    |                     |                 | (31,671)  |
| Expenditures:  |                    |                     |                 |   |
| Regular Debt Service:  |                    |                     |                 |   |
| Redemption of Principal                                      | 740,000            | -                   | 740,000         | 740,000   |
| Interest   | 116,815            | -                   | 116,815         | 116,815   |
|  |                    |                     |                 | -   |
| Total Regular Debt Service                                   | 856,815            | -                   | 856,815         | 856,815   |
|  |                    |                     |                 | -   |
| Excess/(Deficiency) of Revenues<br>Over (Under) Expenditures | (100,000)          | -                   | (100,000)       | (131,671)   |
| Other Financing Sources/(Uses):                              |                    |                     |                 |   |
| Operating Transfers In                                       | 100,000            | -                   | 100,000         | 131,671   |
|  |                    |                     |                 | (31,671)  |
| Total Other Financing<br>Sources/(Uses)                      | 100,000            | -                   | 100,000         | 131,671   |
|  |                    |                     |                 | (31,671)  |
| Fund Balance, July 1,  | 3                  | -                   | 3               | 3   |
|  |                    |                     |                 | -   |
| Fund Balance, June 30  | \$ 3               | \$ -                | \$ 3            | \$ 3  |
|  |                    |                     |                 | -   |

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STATISTICAL SECTION (Unaudited)

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

|                                       | FISCAL YEAR ENDING JUNE 30, |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---------------------------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                       | 2016                        | 2015                | 2014                | 2013                | 2012                | 2011                | 2010                | 2009                | 2008                | 2007                |
| <b>Governmental Activities:</b>       |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets      | \$ 8,326,384                | \$ 7,007,394        | \$ 7,652,155        | \$ 7,786,237        | \$ 7,428,613        | \$ 7,410,688        | \$ 7,440,051        | \$ 6,840,346        | \$ 6,869,344        | \$ 6,817,805        |
| Restricted                            | 3,334,897                   | 3,605,761           | 2,073,603           | 1,939,464           | 1,580,710           | 999,371             | 1,243,977           | 1,435,875           | 750,387             | 935,364             |
| Unrestricted                          | (4,249,723)                 | (4,197,462)         | (471,129)           | (648,924)           | (648,244)           | (603,943)           | (1,239,936)         | (1,202,392)         | (440,892)           | (539,631)           |
| <b>Total Governmental Activities</b>  | <b>\$ 7,411,558</b>         | <b>\$ 6,415,693</b> | <b>\$ 9,254,629</b> | <b>\$ 9,076,777</b> | <b>\$ 8,361,079</b> | <b>\$ 7,806,116</b> | <b>\$ 7,444,092</b> | <b>\$ 7,073,829</b> | <b>\$ 7,178,839</b> | <b>\$ 7,213,538</b> |
| <b>Business-Type Activities:</b>      |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets      | \$ 23,987                   | \$ 28,807           | \$ 33,627           | \$ 38,447           | \$ 34,670           | \$ 38,631           | \$ 42,888           | \$ 33,002           | \$ 24,888           | \$ 26,986           |
| Unrestricted                          | 16,785                      | 15,602              | 19,646              | 27,729              | 31,310              | 35,363              | 29,502              | 26,892              | 15,390              | 5,661               |
| <b>Total Business-Type Activities</b> | <b>\$ 40,772</b>            | <b>\$ 44,409</b>    | <b>\$ 53,273</b>    | <b>\$ 66,176</b>    | <b>\$ 65,980</b>    | <b>\$ 73,994</b>    | <b>\$ 72,390</b>    | <b>\$ 59,894</b>    | <b>\$ 40,278</b>    | <b>\$ 32,647</b>    |
| <b>Government-Wide:</b>               |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets      | \$ 8,350,371                | \$ 7,036,201        | \$ 7,685,782        | \$ 7,824,684        | \$ 7,463,283        | \$ 7,449,319        | \$ 7,482,939        | \$ 6,873,348        | \$ 6,894,232        | \$ 6,844,791        |
| Restricted                            | 3,334,897                   | 3,605,761           | 2,073,603           | 1,939,464           | 1,580,710           | 999,371             | 1,243,977           | 1,435,875           | 750,387             | 935,364             |
| Unrestricted                          | (4,232,938)                 | (4,181,860)         | (451,483)           | (621,195)           | (616,934)           | (568,580)           | (1,210,434)         | (1,175,500)         | (425,502)           | (533,970)           |
| <b>Total Net Position</b>             | <b>\$ 7,452,330</b>         | <b>\$ 6,460,102</b> | <b>\$ 9,307,902</b> | <b>\$ 9,142,953</b> | <b>\$ 8,427,059</b> | <b>\$ 7,880,110</b> | <b>\$ 7,516,482</b> | <b>\$ 7,133,723</b> | <b>\$ 7,219,117</b> | <b>\$ 7,246,185</b> |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

|   | 2016          | 2015          | 2014          | 2013          | 2012          | 2011          | 2010          | 2009          | 2008          | 2007          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| FISCAL YEAR ENDING JUNE 30,                     |               |               |               |               |               |               |               |               |               |               |
| Expenses:                                       |               |               |               |               |               |               |               |               |               |               |
| Governmental Activities                         |               |               |               |               |               |               |               |               |               |               |
| Instruction:                                    |               |               |               |               |               |               |               |               |               |               |
| Instruction - Regular Programs                  | \$ 3,788,879  | \$ 3,836,141  | \$ 3,795,156  | \$ 3,848,363  | \$ 3,921,874  | \$ 3,764,211  | \$ 4,086,502  | \$ 3,929,404  | \$ 3,904,909  | \$ 3,810,059  |
| Special Education                               | 1,610,721     | 1,547,810     | 1,757,555     | 1,680,653     | 1,472,381     | 1,311,508     | 1,348,865     | 1,286,574     | 1,281,394     | 1,252,312     |
| Other Special Instruction                       | 301,921       | 273,493       | 253,207       | 246,391       | 170,328       | 165,951       | 202,658       | 201,474       | 161,451       | 133,801       |
| Other Instruction                               | 104,464       | 98,335        | 97,047        | 82,064        | 88,181        | 89,890        | 85,969        | 95,257        | 96,575        | 85,562        |
| Support Services:                               |               |               |               |               |               |               |               |               |               |               |
| Tuition   | 154,465       | 163,634       | 144,404       | 70,132        | 15,034        | 24,476        | 1,492         | 16,740        | 120,862       | 28,968        |
| Health Services                                 | 118,586       | 111,970       | 109,412       | 149,524       |               |               |               |               |               |               |
| Student & Instruction Related Services          | 912,981       | 839,431       | 859,396       | 850,276       | 1,109,260     | 1,115,754     | 1,190,533     | 1,137,230     | 1,157,551     | 1,149,932     |
| Educational Media Services/School Library       | 240,487       | 222,307       | 228,681       | 222,675       | -             | -             | -             | -             | -             | -             |
| General Administrative Services                 | 371,097       | 352,888       | 361,677       | 298,499       | 538,075       | 599,817       | 593,731       | 602,727       | 575,409       | 599,647       |
| School Administrative Services                  | 480,375       | 467,195       | 450,404       | 446,278       | 530,672       | 598,470       | 589,113       | 537,880       | 539,601       | 403,812       |
| Central Services                                | 312,124       | 254,747       | 266,470       | 262,019       | -             | -             | -             | -             | -             | -             |
| Plant Operations & Maintenance                  | 1,124,396     | 1,203,015     | 1,081,702     | 1,047,690     | 1,021,161     | 1,088,629     | 1,039,421     | 1,140,716     | 1,133,152     | 1,034,260     |
| Pupil Transportation                            | 640,139       | 666,192       | 665,588       | 618,931       | 633,392       | 576,014       | 598,024       | 595,326       | 601,006       | 582,690       |
| Employee Benefits                               | 5,833,761     | 5,030,672     | 3,511,762     | 3,602,862     | 3,563,624     | 3,338,266     | 3,435,996     | 3,304,180     | 3,530,139     | 3,276,665     |
| Interest on Long-Term Debt                      | 133,714       | 216,347       | 139,283       | 185,001       | 278,974       | 277,282       | 212,824       | 253,745       | 252,456       | 233,396       |
| Unallocated Amortization                        | -             | -             | -             | (14,397)      | (2,692)       | 39,488        | 18,036        | 20,614        | 20,614        | 20,613        |
| Increase/(Decrease) In Compensated Absences     | -             | -             | -             | (103,305)     | 3,641         | (31,793)      | 10,041        | (68,062)      | 18,790        | 32,259        |
| Increase/(Decrease) In Post Retirement Benefits | -             | -             | -             | (3,180)       | -             | -             | -             | -             | -             | -             |
| Unallocated Loss on Revaluation of Assets       | -             | (418,512)     | -             | -             | -             | -             | -             | -             | -             | -             |
| Unallocated Depreciation                        | 730,202       | 728,669       | 752,513       | 737,501       | 763,364       | 649,482       | 663,323       | 669,242       | 640,587       | 589,410       |
| Total Governmental Activities Expenses          | 16,914,791    | 15,594,334    | 14,474,257    | 14,227,977    | 14,107,269    | 13,607,445    | 14,076,528    | 13,723,047    | 14,034,496    | 13,233,386    |
| Business-Type Activities:                       |               |               |               |               |               |               |               |               |               |               |
| Food Service                                    | 258,791       | 253,617       | 266,758       | 263,303       | 258,821       | 254,831       | 247,833       | 252,556       | 249,674       | 293,671       |
| Total Business-Type Activities Expense          | 258,791       | 253,617       | 266,758       | 263,303       | 258,821       | 254,831       | 247,833       | 252,556       | 249,674       | 293,671       |
| Total District Expenses                         | \$ 17,173,582 | \$ 15,847,951 | \$ 14,741,015 | \$ 14,491,280 | \$ 14,366,090 | \$ 13,862,276 | \$ 14,324,361 | \$ 13,975,603 | \$ 14,284,170 | \$ 13,527,057 |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

|   | FISCAL YEAR ENDING JUNE 30, |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|---|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2016                        | 2015            | 2014            | 2013            | 2012            | 2011            | 2010            | 2009            | 2008            | 2007            |
| <b>Revenues:</b>                                |                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Operating Grants & Contributions                | \$ 3,503,214                | \$ 2,829,252    | \$ 325,896      | \$ 289,841      | \$ 284,527      | \$ 307,826      | \$ 314,034      | \$ 266,246      | \$ 329,144      | \$ 248,657      |
| Total Governmental Activities Program Revenues  | 3,503,214                   | 2,829,252       | 325,896         | 289,841         | 284,527         | 307,826         | 314,034         | 266,246         | 329,144         | 248,657         |
| <b>Business-Type Activities:</b>                |                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for Services:                           |                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Food Service                                    | 181,502                     | 176,447         | 180,159         | 201,662         | 178,804         | 194,310         | 195,558         | 204,483         | 191,809         | 195,092         |
| Operating Grants:                               |                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Food Service                                    | 64,568                      | 63,144          | 67,093          | 57,554          | 64,404          | 57,368          | 49,356          | 50,410          | 50,932          | 53,062          |
| Total Business Type Activities Program Revenues | 246,070                     | 239,591         | 247,252         | 259,216         | 243,208         | 251,678         | 244,914         | 254,893         | 242,741         | 248,154         |
| Total District Program Revenues                 | \$ 3,749,284                | \$ 3,068,843    | \$ 573,148      | \$ 549,057      | \$ 527,735      | \$ 559,504      | \$ 558,948      | \$ 521,139      | \$ 571,885      | \$ 496,811      |
| <b>Net/(Expense)/Revenue:</b>                   |                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental Activities                         | \$ (13,411,577)             | \$ (12,765,082) | \$ (14,148,361) | \$ (13,938,136) | \$ (13,822,742) | \$ (13,299,619) | \$ (13,762,494) | \$ (13,456,801) | \$ (13,705,352) | \$ (12,984,729) |
| Business-Type Activities                        | (12,721)                    | (14,026)        | (19,506)        | (4,087)         | (15,613)        | (3,153)         | (2,919)         | 2,337           | (6,933)         | (45,517)        |
| Total District-Wide Net Expense                 | \$ (13,424,298)             | \$ (12,779,108) | \$ (14,167,867) | \$ (13,942,223) | \$ (13,838,355) | \$ (13,302,772) | \$ (13,765,413) | \$ (13,454,464) | \$ (13,712,285) | \$ (13,030,246) |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

|  | FISCAL YEAR ENDING JUNE 30, |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2016                        | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 |
| <b>General Revenues &amp; Other Changes in Net Position:</b> |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities:                                     |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Taxes:   |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property Taxes, Levied for General Purposes, Net             | \$ 9,285,085                | \$ 9,068,136         | \$ 8,902,667         | \$ 8,926,550         | \$ 8,926,550         | \$ 8,765,917         | \$ 8,459,660         | \$ 8,158,533         | \$ 7,868,988         | \$ 7,593,527         |
| Federal & State Aid Unrestricted                             | 4,725,906                   | 4,351,479            | 5,336,195            | 5,512,211            | 5,180,485            | 4,711,979            | 5,573,846            | 5,089,474            | 5,557,526            | 5,484,823            |
| Tuition Received   | 15,100                      | -                    | -                    | -                    | 54,019               | 4,965                | 13,844               | -                    | 15,925               | 16,588               |
| Miscellaneous Income   | 364,097                     | 82,416               | 158,903              | 215,073              | 216,651              | 181,782              | 90,407               | 108,784              | 236,214              | 151,399              |
| Transfers  | -                           | -                    | -                    | -                    | -                    | (3,000)              | (5,000)              | (5,000)              | (8,000)              | (26,813)             |
| Donated Capital Assets                                       | -                           | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Unallocated Amortization                                     | -                           | 36,097               | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Decrease In Compensated Absences                             | 16,354                      | 27,220               | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Decrease In Post Retirement Benefits                         | 900                         | 4,400                | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total Governmental Activities</b>                         | <b>14,407,442</b>           | <b>13,569,748</b>    | <b>14,397,765</b>    | <b>14,653,834</b>    | <b>14,377,705</b>    | <b>13,661,643</b>    | <b>14,132,757</b>    | <b>13,351,791</b>    | <b>13,670,653</b>    | <b>13,219,524</b>    |
| Business-type Activities                                     | 9,084                       | 5,162                | 6,603                | 4,283                | 7,599                | 4,757                | 15,415               | 17,279               | 14,564               | 42,334               |
| <b>Total District-Wide</b>                                   | <b>\$ 14,416,526</b>        | <b>\$ 13,574,910</b> | <b>\$ 14,404,368</b> | <b>\$ 14,658,117</b> | <b>\$ 14,385,304</b> | <b>\$ 13,666,400</b> | <b>\$ 14,148,172</b> | <b>\$ 13,369,070</b> | <b>\$ 13,685,217</b> | <b>\$ 13,261,858</b> |
| <b>Change in Net Position:</b>                               |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities                                      | 995,865                     | 804,666              | 249,404              | 715,698              | 554,963              | 362,024              | 370,263              | (105,010)            | (34,699)             | 234,795              |
| Business-Type Activities                                     | (3,637)                     | (8,864)              | (12,903)             | 196                  | (8,014)              | 1,604                | 12,496               | 19,616               | 7,631                | (3,183)              |
| <b>Total District</b>  | <b>\$ 992,228</b>           | <b>\$ 795,802</b>    | <b>\$ 236,501</b>    | <b>\$ 715,894</b>    | <b>\$ 546,949</b>    | <b>\$ 363,628</b>    | <b>\$ 382,759</b>    | <b>\$ (85,394)</b>   | <b>\$ (27,068)</b>   | <b>\$ 231,612</b>    |

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

|   | FISCAL YEAR ENDING JUNE 30, |                     |                     |                     |                     |                   |                   |                   |                   |                   |
|---|-----------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2016                        | 2015                | 2014                | 2013                | 2012                | 2011              | 2010              | 2009              | 2008              | 2007              |
| <b>General Fund:</b>                      |                             |                     |                     |                     |                     |                   |                   |                   |                   |                   |
| Restricted                                | \$ 2,788,122                | \$ 2,735,227        | \$ 2,073,603        | \$ 1,939,464        | \$ 1,580,710        | \$ 1,059,235      | \$ 693,519        | \$ 1,435,875      | \$ 810,387        | \$ 935,364        |
| Unassigned                                | (112,767)                   | (452,651)           | (119,941)           | (142,103)           | (81,712)            | (93,338)          | (171,280)         | (686,961)         | 79,201            | (8,833)           |
| <b>Total General Fund</b>                 | <b>\$ 2,675,355</b>         | <b>\$ 2,282,577</b> | <b>\$ 1,953,662</b> | <b>\$ 1,797,361</b> | <b>\$ 1,498,998</b> | <b>\$ 965,897</b> | <b>\$ 522,239</b> | <b>\$ 748,914</b> | <b>\$ 889,588</b> | <b>\$ 926,531</b> |
| <b>All Other Governmental Funds:</b>      |                             |                     |                     |                     |                     |                   |                   |                   |                   |                   |
| Reserved                                  | \$ -                        | \$ -                | \$ -                | \$ -                | \$ -                | \$ -              | \$ -              | \$ -              | \$ 138,921        | \$ -              |
| Assigned, Reported in:                    |                             |                     |                     |                     |                     |                   |                   |                   |                   |                   |
| Capital Project Fund                      | 571,424                     | 1,241,528           | 280,037             | 307,470             | 321,603             | 652,740           | 339,302           | 82,041            | 158,370           | 726,423           |
| Debt Service Fund                         | 3                           | 3                   | 2                   | 23,884              | 14                  | 19                | 6                 | 5                 | -                 | -                 |
| <b>Total All Other Governmental Funds</b> | <b>\$ 571,427</b>           | <b>\$ 1,241,531</b> | <b>\$ 280,039</b>   | <b>\$ 331,354</b>   | <b>\$ 321,617</b>   | <b>\$ 652,759</b> | <b>\$ 339,308</b> | <b>\$ 82,046</b>  | <b>\$ 297,291</b> | <b>\$ 726,423</b> |

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

|  | 2016                | 2015                | 2014              | 2013              | 2012              | 2011               | 2010              | 2009                | 2008                | 2007              |
|--|---------------------|---------------------|-------------------|-------------------|-------------------|--------------------|-------------------|---------------------|---------------------|-------------------|
| <b>Revenues:</b>   |                     |                     |                   |                   |                   |                    |                   |                     |                     |                   |
| Tax Levy   | \$ 9,285,085        | \$ 9,068,136        | \$ 8,902,667      | \$ 8,926,550      | \$ 8,926,550      | \$ 8,765,917       | \$ 8,459,660      | \$ 8,158,533        | \$ 7,868,988        | \$ 7,593,527      |
| Tuition  | 15,100              | -                   | -                 | -                 | 54,019            | 4,965              | 13,844            | -                   | 15,925              | 16,588            |
| Miscellaneous  | 364,097             | 172,548             | 158,903           | 215,073           | 216,651           | 181,782            | 90,407            | 120,084             | 229,513             | 147,328           |
| State Sources  | 6,193,568           | 5,573,971           | 5,410,657         | 5,525,730         | 5,081,622         | 4,729,187          | 4,903,914         | 5,136,262           | 5,666,989           | 5,495,975         |
| Federal Sources  | 264,839             | 245,965             | 251,434           | 276,322           | 383,390           | 290,618            | 983,966           | 219,458             | 219,681             | 237,505           |
| <b>Total Revenue</b>   | <b>16,122,689</b>   | <b>15,060,620</b>   | <b>14,723,661</b> | <b>14,943,675</b> | <b>14,662,232</b> | <b>13,972,469</b>  | <b>14,451,791</b> | <b>13,634,337</b>   | <b>14,001,096</b>   | <b>13,490,923</b> |
| <b>Expenditures:</b>   |                     |                     |                   |                   |                   |                    |                   |                     |                     |                   |
| <b>Instruction:</b>  |                     |                     |                   |                   |                   |                    |                   |                     |                     |                   |
| Regular  | 3,788,879           | 3,836,141           | 3,795,156         | 3,913,154         | 3,921,874         | 3,764,211          | 4,086,502         | 3,929,404           | 3,938,066           | 3,810,059         |
| Special Education  | 1,610,721           | 1,547,810           | 1,757,555         | 1,680,653         | 1,472,381         | 1,311,508          | 1,348,865         | 1,286,574           | 1,281,394           | 1,252,312         |
| Other Special Instruction  | 301,921             | 273,493             | 253,207           | 246,391           | 170,328           | 165,951            | 202,658           | 201,474             | 161,451             | 133,801           |
| Other Instruction  | 104,464             | 98,335              | 97,047            | 82,064            | 88,181            | 89,890             | 85,969            | 95,257              | 96,575              | 85,562            |
| <b>Support Services:</b>   |                     |                     |                   |                   |                   |                    |                   |                     |                     |                   |
| Tuition  | 154,465             | 163,634             | 144,404           | 70,132            | 15,034            | 24,476             | 1,492             | 16,740              | 120,862             | 28,968            |
| Health Services  | 118,586             | 111,970             | 109,412           | 149,524           | -                 | -                  | -                 | -                   | -                   | -                 |
| Student & Instruction Related Services                           | 912,981             | 839,431             | 859,396           | 850,276           | 1,140,588         | 1,145,964          | 1,219,665         | 1,137,230           | 1,173,178           | 1,149,932         |
| Educational Media Services/School Library                        | 240,487             | 222,307             | 228,681           | 222,675           | -                 | -                  | -                 | -                   | -                   | -                 |
| General Administrative Services                                  | 371,097             | 352,888             | 361,677           | 298,499           | 538,075           | 599,817            | 593,731           | 602,727             | 575,409             | 599,647           |
| School Administrative Services                                   | 480,375             | 467,195             | 450,404           | 446,278           | 530,672           | 598,470            | 589,113           | 537,880             | 539,601             | 403,812           |
| Central Services   | 312,124             | 254,747             | 266,470           | 262,019           | -                 | -                  | -                 | -                   | -                   | -                 |
| Plant Operations & Maintenance                                   | 1,124,396           | 1,203,015           | 1,081,702         | 1,076,435         | 1,021,161         | 1,063,639          | 1,039,421         | 1,164,045           | 1,133,152           | 1,034,260         |
| Pupil Transportation   | 682,225             | 666,192             | 665,588           | 618,931           | 633,392           | 576,014            | 598,024           | 595,326             | 601,006             | 582,690           |
| Employee Benefits  | 3,872,384           | 3,662,778           | 3,511,762         | 3,602,862         | 3,563,624         | 3,338,266          | 3,437,756         | 3,282,740           | 3,530,139           | 3,276,665         |
| Capital Outlay   | 1,468,095           | 206,148             | 54,738            | 128,341           | 353,523           | 1,705,397          | 394,671           | 244,658             | 702,009             | 181,260           |
| Debt Service:  |                     |                     |                   |                   |                   |                    |                   |                     |                     |                   |
| Principal  | 740,000             | 847,346             | 815,000           | 785,000           | 745,000           | 625,000            | 600,000           | 605,000             | 530,000             | 525,000           |
| Interest & Other Charges   | 116,815             | 139,825             | 166,476           | 202,341           | 266,440           | 202,757            | 218,337           | 271,780             | 221,951             | 235,907           |
| <b>Total Expenditures</b>  | <b>16,400,015</b>   | <b>14,893,255</b>   | <b>14,618,675</b> | <b>14,635,575</b> | <b>14,460,273</b> | <b>15,211,360</b>  | <b>14,416,204</b> | <b>13,970,835</b>   | <b>14,604,793</b>   | <b>13,299,875</b> |
| <b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b> | <b>(277,326)</b>    | <b>167,365</b>      | <b>104,986</b>    | <b>308,100</b>    | <b>201,959</b>    | <b>(1,238,891)</b> | <b>35,587</b>     | <b>(336,498)</b>    | <b>(603,697)</b>    | <b>191,048</b>    |
| <b>Other Financing Sources/(Uses):</b>                           |                     |                     |                   |                   |                   |                    |                   |                     |                     |                   |
| Lease-Purchase Agreement Proceeds                                | -                   | 1,188,600           | -                 | -                 | -                 | -                  | -                 | -                   | -                   | -                 |
| Cancellation of Grant Receivable                                 | -                   | (65,558)            | -                 | -                 | -                 | -                  | -                 | -                   | -                   | -                 |
| Operating Transfers In -   | 131,671             | 35,716              | -                 | -                 | -                 | -                  | -                 | -                   | -                   | -                 |
| Operating Transfers (Out) -                                      | (131,671)           | (35,716)            | -                 | -                 | -                 | -                  | -                 | -                   | -                   | -                 |
| Miscellaneous/Other  | -                   | -                   | -                 | -                 | -                 | 1,996,000          | (5,000)           | 119,500             | (1,299)             | 734,604           |
| <b>Total Other Financing Sources/(Uses)</b>                      | <b>-</b>            | <b>1,123,042</b>    | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>1,996,000</b>   | <b>(5,000)</b>    | <b>119,500</b>      | <b>(1,299)</b>      | <b>734,604</b>    |
| <b>Net Change in Fund Balances</b>                               | <b>\$ (277,326)</b> | <b>\$ 1,290,407</b> | <b>\$ 104,986</b> | <b>\$ 308,100</b> | <b>\$ 201,959</b> | <b>\$ 757,109</b>  | <b>\$ 30,587</b>  | <b>\$ (216,998)</b> | <b>\$ (604,996)</b> | <b>\$ 925,652</b> |
| <b>Debt Service as a Percentage of Noncapital Expenditures</b>   | <b>6.1%</b>         | <b>7.2%</b>         | <b>7.2%</b>       | <b>7.3%</b>       | <b>7.7%</b>       | <b>6.5%</b>        | <b>6.2%</b>       | <b>6.8%</b>         | <b>5.7%</b>         | <b>6.2%</b>       |

Source: District Records

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

|                         | FISCAL YEAR ENDED JUNE 30 |            |           |            |            |            |            |            |            |            |
|-------------------------|---------------------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|
|                         | 2016                      | 2015       | 2014      | 2013       | 2012       | 2011       | 2010       | 2009       | 2008       | 2007       |
| Interest on Investments | \$ 5,859                  | \$ 4,775   | \$ 10,963 | \$ 16,130  | \$ 28,584  | \$ 27,970  | \$ 23,572  | \$ 18,176  | \$ 64,314  | \$ 79,077  |
| Sports/Club Fees        | 27,403                    | 9,315      | 26,995    | 24,295     | 20,300     | 16,500     | 16,765     | 18,635     | 19,280     | 18,160     |
| Prior Year Refunds      | 63,200                    | 7,881      | 12,460    | -          | 1,113      | 5,648      | 15,597     | 20,559     | 9,265      | 3,717      |
| Miscellaneous           | 193,329                   | 126,003    | 34,023    | 144,585    | 116,621    | 155,444    | 83,121     | 73,296     | 117,461    | 134,679    |
|                         | \$ 289,791                | \$ 147,974 | \$ 84,441 | \$ 185,010 | \$ 166,618 | \$ 205,562 | \$ 139,055 | \$ 130,666 | \$ 210,320 | \$ 235,633 |

Source: District records

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

| FISCAL YEAR ENDED DECEMBER 31. | VACANT LAND  | RESIDENTIAL    | FARM REG.     | QFARM        | COMMERCIAL    | INDUSTRIAL   | TOTAL ASSESSED VALUE | MEMO: TAX EXEMPT PROPERTY | PUBLIC UTILITIES | NET VALUATION TAXABLE | TOTAL DIRECT SCHOOL TAX RATE | ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE |
|--------------------------------|--------------|----------------|---------------|--------------|---------------|--------------|----------------------|---------------------------|------------------|-----------------------|------------------------------|---|
| 2016                           | \$ 7,558,500 | \$ 599,040,700 | \$ 32,026,800 | \$ 2,136,200 | \$ 18,864,300 | \$ 2,710,800 | \$ 662,337,300       | \$ 47,627,100             | \$ 1,083,716     | \$ 663,421,016        | 2.206                        | \$ 696,232,016                            |
| 2015                           | 7,551,600    | 598,357,100    | 32,898,700    | 2,138,600    | 18,917,900    | 2,710,800    | 662,574,700          | 47,293,700                | 1,148,531        | 663,723,231           | 2.145                        | 710,315,501                               |
| 2014                           | 7,821,700    | 599,098,500    | 32,094,300    | 2,137,900    | 18,736,100    | 2,710,800    | 662,599,300          | 46,761,500                | 1,139,919        | 663,739,219           | 2.040                        | 696,982,229                               |
| 2013                           | 7,745,600    | 600,380,300    | 32,103,400    | 2,154,100    | 19,207,200    | 2,710,800    | 664,301,400          | 46,075,700                | 1,501,069        | 665,802,469           | 1.969                        | 711,796,211                               |
| 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           | 1.973                        | 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           | 3.158                        | 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           | 3.057                        | 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           | 2.997                        | 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           | 2.926                        | 749,753,178                               |

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

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 Taxator

- a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Company
- 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<br>YEAR<br>ENDED<br>DECEMBER 31, | SCHOOL DISTRICT DIRECT RATE |                    | OVERLAPPING RATES         |                            |                      |                   | TOTAL<br>DIRECT AND<br>OVERLAPPING<br>TAX RATE |                         |
|---|-----------------------------|--------------------|---------------------------|----------------------------|----------------------|-------------------|--|-------------------------|
|   | LOCAL<br>SCHOOL             | REGIONAL<br>SCHOOL | TOWNSHIP<br>OF<br>SHAMONG | MUNICIPAL<br>OPEN<br>SPACE | BURLINGTON<br>COUNTY | COUNTY<br>LIBRARY |  | COUNTY<br>OPEN<br>SPACE |
| 2016                                    | \$ 1,438                    | \$ 0.768           | \$ 0.084                  | \$ 0.020                   | \$ 0.353             | \$ 0.033          | \$ 0.042                                       | 2.738                   |
| 2015                                    | 1,398                       | 0.747              | 0.084                     | 0.020                      | 0.366                | 0.035             | 0.043  | 2.693                   |
| 2014                                    | 1,367                       | 0.673              | 0.068                     | 0.000                      | 0.352                | 0.033             | 0.016  | 2.509                   |
| 2013                                    | 1,337                       | 0.632              | 0.039                     | 0.000                      | 0.354                | 0.033             | 0.019  | 2.414                   |
| 2012                                    | 1,341                       | 0.632              | 0.045                     | 0.000                      | 0.344                | 0.034             | 0.045  | 2.441                   |
| 2011                                    | 2,169                       | 1.035              | 0.059                     | 0.000                      | 0.571                | 0.055             | 0.074  | 3.963                   |
| 2010                                    | 2,134                       | 1.024              | 0.047                     | 0.000                      | 0.602                | 0.058             | 0.078  | 3.943                   |
| 2009                                    | 2,068                       | 0.989              | 0.047                     | 0.000                      | 0.625                | 0.060             | 0.081  | 3.870                   |
| 2008                                    | 2,007                       | 0.990              | 0.078                     | 0.000                      | 0.630                | 0.059             | 0.079  | 3.843                   |
| 2007                                    | 1,945                       | 0.981              | 0.020                     | 0.000                      | 0.646                | 0.061             | 0.076  | 3.729                   |

Source: Burlington County Board of Taxation

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

| TAXPAYER                      | 2016                         |      |   |
|-------------------------------|------------------------------|------|---|
|                               | TAXABLE<br>ASSESSED<br>VALUE | RANK | % OF TOTAL<br>DISTRICT NET<br>ASSESSED<br>VALUE |
| Taxpayer #1                   | \$ 2,750,900                 | 1    | 0.42%   |
| Fawn Lake LLC                 | 2,517,400                    | 2    | 0.38%   |
| Third Garden Park LTD         | 2,400,000                    | 3    | 0.36%   |
| Taxpayer #2                   | 1,415,600                    | 4    | 0.21%   |
| Verizon-New Jersey            | 1,083,716                    | 5    | 0.16%   |
| Taxpayer #3                   | 1,070,100                    | 6    | 0.16%   |
| Wharton Acres LLC             | 1,020,000                    | 7    | 0.15%   |
| Taxpayer #4                   | 951,900                      | 8    | 0.14%   |
| Taxpayer #5                   | 937,000                      | 9    | 0.14%   |
| D.G. Sparacio Properties, LLC | 896,300                      | 10   | 0.14%   |
| Total                         | <u>\$ 15,042,916</u>         |      | <u>2.27%</u>                                    |

| TAXPAYER              | 2007                         |      |   |
|-----------------------|------------------------------|------|---|
|                       | TAXABLE<br>ASSESSED<br>VALUE | RANK | % OF TOTAL<br>DISTRICT NET<br>ASSESSED<br>VALUE |
| Verizon-New Jersey    | \$ 1,403,061                 | 1    | 0.35%   |
| Third Garden Park LTD | 873,300                      | 2    | 0.22%   |
| Fawn Lake LLC         | 637,500                      | 3    | 0.16%   |
| Taxpayer #1           | 617,200                      | 4    | 0.15%   |
| Taxpayer #2           | 607,900                      | 5    | 0.15%   |
| Taxpayer #3           | 600,200                      | 6    | 0.15%   |
| Taxpayer #4           | 590,400                      | 7    | 0.15%   |
| Taxpayer #5           | 585,300                      | 8    | 0.14%   |
| Taxpayer #6           | 576,000                      | 9    | 0.14%   |
| Taxpayer #7           | 560,000                      | 10   | 0.14%   |
| Total                 | <u>\$ 7,050,861</u>          |      | <u>1.77%</u>                                    |

Source: Municipal Tax Assessor

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

| FISCAL<br>YEAR<br>ENDED<br>DECEMBER 31, | TAXES<br>LEVIED FOR<br>THE FISCAL<br>YEAR | COLLECTED WITHIN THE FISCAL<br>YEAR OF THE LEVY<br>AMOUNT | PERCENTAGE<br>OF LEVY | COLLECTIONS<br>IN<br>SUBSEQUENT<br>YEARS |
|---|---|---|-----------------------|--|
| 2015                                    | \$ 17,766,718                             | \$ 17,538,160   | 98.71%                | 100%                                     |
| 2014                                    | 16,677,587                                | 16,468,708  | 98.75%                | 100%                                     |
| 2013                                    | 16,298,677                                | 16,025,068  | 98.32%                | 100%                                     |
| 2012                                    | 16,384,072                                | 16,129,746  | 98.45%                | 100%                                     |
| 2011                                    | 16,281,962                                | 16,038,535  | 98.50%                | 100%                                     |
| 2010                                    | 15,895,261                                | 15,729,950  | 98.96%                | 100%                                     |
| 2009                                    | 15,698,799                                | 15,450,230  | 98.42%                | 100%                                     |
| 2008                                    | 15,166,841                                | 14,959,246  | 98.63%                | 100%                                     |
| 2007                                    | 14,440,190                                | 14,249,803  | 98.68%                | 100%                                     |
| 2006                                    | 12,915,534                                | 12,657,087  | 98.00%                | 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<br>DECEMBER 31,<br>ENDED<br>JUNE 30, | GOVERNMENTAL ACTIVITIES        |                   |              | TOTAL<br>DISTRICT | PERCENTAGE<br>OF<br>PERSONAL<br>INCOME | PER CAPITA |
|---|--------------------------------|-------------------|--------------|-------------------|--|------------|
|   | GENERAL<br>OBLIGATION<br>BONDS | CAPITAL<br>LEASES |              |                   |  |            |
| 2016  | \$ 2,814,000                   | \$ 950,880        | \$ 3,764,880 | N/A               | N/A                                    |            |
| 2015  | 2,706,654                      | 1,188,600         | 3,895,254    | N/A               | \$ 607                                 |            |
| 2014  | 4,401,346                      | -                 | 4,401,346    | 1.27%             | 684                                    |            |
| 2013  | 4,328,346                      | -                 | 4,328,346    | 1.30%             | 672                                    |            |
| 2012  | 6,104,346                      | -                 | 6,104,346    | 1.83%             | 942                                    |            |
| 2011  | 6,849,346                      | 31,328            | 6,880,674    | 2.12%             | 1,061                                  |            |
| 2010  | 7,474,986                      | 61,538            | 7,536,524    | 2.42%             | 1,164                                  |            |
| 2009  | 6,075,346                      | 116,033           | 6,191,379    | 1.93%             | 921                                    |            |
| 2008  | 6,680,346                      | 49,663            | 6,730,009    | 2.09%             | 999                                    |            |
| 2007  | 7,210,346                      | 121,728           | 7,332,074    | 2.35%             | 1,086                                  |            |

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**

| <u>GENERAL BONDED DEBT OUTSTANDING</u> |                                |            |   |  |            |       |
|--|--------------------------------|------------|---|--|------------|-------|
| FISCAL<br>YEAR<br>ENDED<br>JUNE 30,    | GENERAL<br>OBLIGATION<br>BONDS | DEDUCTIONS | NET<br>GENERAL<br>BONDED<br>DEBT<br>OUTSTANDING | PERCENTAGE<br>OF ACTUAL<br>TAXABLE<br>VALUE OF<br>PROPERTY | PER CAPITA |       |
| 2016                                   | \$ 2,814,000                   | \$ -       | \$ 2,814,000                                    | 0.42%  | N/A        |       |
| 2015                                   | 2,706,654                      | -          | 2,706,654                                       | 0.41%  | \$         | 422   |
| 2014                                   | 4,401,346                      | -          | 4,401,346                                       | 0.66%  |            | 684   |
| 2013                                   | 5,216,346                      | -          | 5,216,346                                       | 0.79%  |            | 810   |
| 2012                                   | 6,104,346                      | -          | 6,104,346                                       | 0.92%  |            | 942   |
| 2011                                   | 6,849,346                      | -          | 6,849,346                                       | 1.03%  |            | 1,057 |
| 2010                                   | 7,474,986                      | -          | 7,474,986                                       | 1.82%  |            | 1,155 |
| 2009                                   | 6,075,346                      | -          | 6,075,346                                       | 1.49%  |            | 904   |
| 2008                                   | 6,680,346                      | -          | 6,680,346                                       | 1.64%  |            | 992   |
| 2007                                   | 7,210,346                      | -          | 7,210,346                                       | 1.76%  |            | 1,068 |

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2016**

| GOVERNMENTAL UNIT                         | DEBT<br>OUTSTANDING | ESTIMATED<br>PERCENTAGE<br>APPLICABLE | SHARE OF<br>OVERLAPPING<br>DEBT |
|---|---------------------|---------------------------------------|---------------------------------|
| Debt Repaid With Property Taxes:          |                     |                                       |                                 |
| Shamong Township                          | \$ 449,921          | 100.00%                               | \$ 449,921                      |
| Burlington County General Obligation Debt | 282,131,755         | 1.52%                                 | 4,294,045                       |
| Lenape Regional High School               | 60,835,000          | 3.95%                                 | <u>2,401,786</u>                |
| Subtotal, Overlapping Debt                |                     |                                       | 7,145,752                       |
| Shamong Township District Direct Debt     |                     |                                       | <u>2,814,000</u>                |
| Total Direct & Overlapping Debt           |                     |                                       | <u><u>\$ 9,959,752</u></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   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2016          | 2015          | 2014          | 2013          | 2012          | 2011          | 2010          | 2009          | 2008          | 2007          |
| Debt Limit  | \$ 23,226,974 | \$ 24,601,571 | \$ 24,915,332 | \$ 25,609,407 | \$ 23,107,643 | \$ 23,774,756 | \$ 24,181,316 | \$ 23,584,448 | \$ 21,983,928 | \$ 19,905,401 |
| Total Net Debt Applicable to Limit                                      | 2,814,000     | 2,706,654     | 4,401,346     | 5,216,346     | 6,104,346     | 6,849,346     | 7,474,986     | 6,075,346     | 6,680,346     | 7,210,346     |
| Legal Debt Margin   | \$ 20,412,974 | \$ 21,894,917 | \$ 20,513,986 | \$ 20,393,061 | \$ 17,003,297 | \$ 16,925,410 | \$ 16,706,330 | \$ 17,509,102 | \$ 15,303,582 | \$ 12,695,055 |
| Total Net Debt Applicable to the Limit<br>as a Percentage of Debt Limit | 12.12%        | 11.00%        | 17.67%        | 20.37%        | 26.42%        | 28.81%        | 30.91%        | 25.76%        | 30.39%        | 36.22%        |

**Legal Debt Margin Calculation for Fiscal Year 2016:**

|   |                         |
|---|-------------------------|
| Equalized Valuation Basis:                      |                         |
| 2016  | \$ 663,421,016          |
| 2015  | 663,723,231             |
| 2014  | 663,739,219             |
|   | <u>\$ 1,990,883,466</u> |
| Average Equalized Valuation of Taxable Property | <u>\$ 663,627,822</u>   |
| Debt Limit (3.5% of Average Equalization Value) | 23,226,974              |
| Net Bonded School Debt                          | <u>2,814,000</u>        |
| Legal Debt Margin                               | <u>\$ 20,412,974</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) |
|------|----------------|---------------------|--------------------------------|-----------------------|
| 2016 | N/A            | N/A                 | N/A                            | N/A                   |
| 2015 | 6,419          | N/A                 | N/A                            | 4.9%                  |
| 2014 | 6,433          | \$ 345,754,451      | \$ 53,747                      | 5.5%                  |
| 2013 | 6,441          | 333,547,185         | 51,785                         | 7.2%                  |
| 2012 | 6,478          | 332,904,420         | 51,390                         | 7.1%                  |
| 2011 | 6,483          | 323,858,265         | 49,955                         | 6.8%                  |
| 2010 | 6,474          | 311,056,278         | 48,047                         | 9.1%                  |
| 2009 | 6,723          | 320,344,227         | 47,649                         | 9.1%                  |
| 2008 | 6,736          | 322,088,576         | 47,816                         | 3.8%                  |
| 2007 | 6,750          | 311,769,000         | 46,188                         | 2.7%                  |

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**

|                                  | 2016      |      |                                |
|----------------------------------|-----------|------|--------------------------------|
|                                  | EMPLOYEES | RANK | PERCENTAGE OF TOTAL EMPLOYMENT |
| Shamong Township School District | 134       | 1    | N/A                            |
| Total                            | 134       |      | N/A                            |
|                                  | 2007      |      |                                |
|                                  | EMPLOYEES | RANK | PERCENTAGE OF TOTAL EMPLOYMENT |
| Shamong Township School District | 123       | 1    | N/A                            |
| Total                            | 123       |      | N/A                            |

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

| Function/Program                    | 2016         | 2015         | 2014         | 2013         | 2012         | 2011         | 2010         | 2009         | 2008         | 2007         |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Teachers - General Fund             | 53.0         | 69.0         | 69.0         | 73.5         | 70.5         | 71.0         | 70.0         | 71.0         | 68.0         | 70.5         |
| Teachers - Special Revenue          | 20.0         | -            | -            | -            | -            | -            | -            | -            | -            | 0.5          |
| Classroom Aides                     | 8.0          | 8.0          | 9.5          | 12.0         | 12.0         | 11.5         | 10.0         | 10.0         | 12.0         | 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          | 2.0          | 2.0          | 2.0          | 2.0          | 3.0          | 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                    | 4.0          | 3.0          | 3.0          | 3.8          | 3.8          | 3.8          | 3.8          | 3.8          | 3.8          | 3.8          |
| 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   | 0.8          | 0.4          | 0.4          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          |
| Media Services/Technology           | 4.0          | 3.8          | 5.0          | 3.0          | 3.0          | 3.0          | 3.0          | 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 | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| 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          | 4.0          |
| Central Services - Administrators   | 1.3          | 1.3          | 2.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Central Services - Support          | 2.5          | 2.5          | 3.3          | 2.2          | 2.2          | 2.2          | 1.0          | 1.0          | 1.0          | 2.0          |
| Operations & Maintenance            | 13.0         | 13.0         | 13.0         | 12.5         | 13.5         | 13.5         | 14.0         | 14.0         | 14.0         | 14.0         |
| <b>Total</b>                        | <b>123.6</b> | <b>117.9</b> | <b>122.2</b> | <b>125.2</b> | <b>123.2</b> | <b>123.2</b> | <b>121.0</b> | <b>120.0</b> | <b>119.0</b> | <b>121.0</b> |

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 | AVERAGE DAILY ENROLLMENT (ADE) (c) | AVERAGE DAILY ATTENDANCE (ADA) (c) | % CHANGE IN AVERAGE DAILY ENROLLMENT | STUDENT ATTENDANCE PERCENTAGE |
|-------------|------------|----------------------------|----------------|-------------------|--------------------|---------------------|------------------------------------|------------------------------------|--------------------------------------|-------------------------------|
| 2016        | 775        | 14,086,234                 | 18,176         | 4.27%             | 73                 | 1:10                | 695.6                              | 663.4                              | -12.89%                              | 95.37%                        |
| 2015        | 806        | 13,509,710                 | 16,761         | 1.61%             | 76                 | 1:11                | 798.5                              | 764.7                              | -4.23%                               | 95.77%                        |
| 2014        | 834        | 13,295,703                 | 15,942         | 0.31%             | 81                 | 1:10                | 833.8                              | 799.4                              | -6.90%                               | 95.87%                        |
| 2013        | 902        | 13,254,541                 | 14,695         | 2.96%             | 86                 | 1:10                | 895.6                              | 854.9                              | -0.58%                               | 95.46%                        |
| 2012        | 908        | 12,873,169                 | 14,177         | 3.60%             | 83                 | 1:11                | 900.8                              | 862.2                              | -1.50%                               | 95.71%                        |
| 2011        | 919        | 12,425,325                 | 13,520         | -4.05%            | 83                 | 1:11                | 914.5                              | 872.7                              | -2.27%                               | 95.43%                        |
| 2010        | 936        | 12,949,940                 | 13,835         | 0.95%             | 83                 | 1:11                | 935.7                              | 896.9                              | 1.19%                                | 95.85%                        |
| 2009        | 943        | 12,827,609                 | 13,603         | -0.97%            | 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%                        |

Sources: District records

Note: Enrollment based on annual October District count.

a. Operating expenditures equal total general fund expenditures.

b. Teaching staff includes only full-time equivalents of certificated staff.

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

| DISTRICT BUILDINGS            | 2016   | 2015   | 2014   | 2013   | 2012   | 2011   | 2010   | 2009   | 2008   | 2007   |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Elementary Schools:</b>    |        |        |        |        |        |        |        |        |        |        |
| Indian Mills School (1920):   |        |        |        |        |        |        |        |        |        |        |
| Square Feet                   | 71,029 | 71,029 | 71,029 | 71,029 | 71,029 | 71,029 | 71,029 | 71,029 | 71,029 | 71,029 |
| Capacity (Students)           | 507    | 507    | 507    | 507    | 507    | 507    | 507    | 507    | 507    | 507    |
| Enrollment (a)                | 403    | 409    | 415    | 466    | 478    | 492    | 515    | 526    | 510    | 502    |
| 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    | 471    | 471    |
| Enrollment (a)                | 375    | 391    | 419    | 436    | 430    | 427    | 421    | 417    | 424    | 441    |
| <b>Other Buildings:</b>       |        |        |        |        |        |        |        |        |        |        |
| 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, 2016:

- 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<br>FACILITIES | TOTAL      |
|------|------------|-----------|---------------------|------------|
| 2016 | \$ 106,916 | \$ 67,301 | \$ 99,642           | \$ 273,859 |
| 2015 | 130,108    | 128,746   | 27,079              | 285,933    |
| 2014 | 96,083     | 95,156    | 25,274              | 216,513    |
| 2013 | 102,926    | 99,034    | 24,406              | 226,366    |
| 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    |

Source: District records

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2016  
Unaudited**

|  | COVERAGE   | DEDUCTIBLE |
|--|--|------------|
| <b>Burlington County Joint Insurance Fund (BCIPJIF)</b>                            |  |            |
| Property / Inland Marine / Automobile Physical Damage - JIF Self Insured Retention | 250,000  | 500        |
| Crime - JIF Self Insured Retention   | 250,000  | 500        |
| General Liability / Auto Liability - JIF Self Insured Retention                    | 250,000  |            |
| Educators Legal Liability - JIF Self Insured Retention                             | 250,000  |            |
| Workers Compensation - JIF Self Insured Retention                                  | 250,000  |            |
| <b>School Pool for Excess Liability Limits Joint Insurance Fund (SPELL JIF)**</b>  |  |            |
| Property / Inland Marine / Automobile Physical Damage                              | 150,000,000  |            |
| Crime  | 500,000  |            |
| Workers Compensation   | Statutory  |            |
| Employers Liability  | 10,000,000   |            |
| General Liability / Auto Liability   | 20,000,000   |            |
| Educators' Legal Liability   | 20,000,000   |            |
| <b>Travelers Insurance Company</b>   |  |            |
| Boiler and Machinery   | 125,000,000  | 1,000      |
| <b>AIG / Commerce and Industry Insurance Company</b>                               |  |            |
| Pollution Legal Liability  | 3,000,000  | 25,000     |
| <b>AIG / Lexington Insurance Company, Inc.</b>                                     |  |            |
| Cyber Liability  | 1,000,000  | 25,000     |
| <b>Lloyd's of London</b>   |  |            |
| Violent Malicious Acts   | 1,000,000  | 15,000     |
| <b>Haines and Haines/TC Irons Agency</b>   |  |            |
| Surety - Treasurer of Monies   | 200,000  | None       |
| Surety - Board Secretary   | 100,000  | None       |
| Student Accident Insurance   | 1,000,000  | None       |
| <b><u>Excess and Reinsurance Carriers Involved **</u></b>                          |  |            |
| Property and Crime.....  | SPELL JIF, Great American Insurance Company<br>Axis Surplus Insurance Company<br>Westchester Fire Insurance Company<br>Alterra Excess & Surplus Insurance Company<br>Ironshore Specialty Insurance Company<br>Steadfast Insurance Company<br>RSUI Indemnity Company<br>James River Insurance Company<br>BRIT / Lloyd's of London<br>Arch Specialty Insurance Company |            |
| General Liability and Automobile Liability.....                                    | SPELL JIF, Great American Insurance Company  |            |
| Workers Compensation.....  | SPELL JIF, Great American Insurance Company,<br>Safety National Casualty Company   |            |
| Educators Legal Liability.....   | SPELL JIF, Great American Insurance Company  |            |

Source: District records

SINGLE AUDIT SECTION

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EXHIBIT K-1

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Shamong Township School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Shamong Township School District’s basic financial statements, and have issued our report thereon dated November 23, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Shamong Township School District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shamong Township School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Shamong Township School District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey  
November 23, 2016





EXHIBIT K-2

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

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

**Report on Compliance for Each Major State Program**

We have audited Shamong Township School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2016. 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.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditor’s Responsibility**

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

above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major state program. However, our audit does not provide a legal determination of Shamong Township School District's compliance.

### **Opinion on Each Major State Program**

In our opinion, Shamong Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Shamong Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Shamong Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Shamong Township School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey  
November 23, 2016

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**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| FEDERAL GRANTOR<br>PASS-THROUGH GRANTOR<br>PROGRAM TITLE                                 | FEDERAL<br>CFDA<br>NUMBER | FEDERAL<br>FAIN<br>NUMBER | PROGRAM<br>OR<br>AWARD<br>AMOUNT | GRANT<br>PERIOD | BALANCE<br>JUNE 30,<br>2015 | CASH<br>RECEIVED | BUDGETARY<br>EXPENDITURES | SUB-RECIPIENT<br>EXPENDITURES | ADJUSTMENT | (ACCOUNTS<br>RECEIVABLE)<br>2016 |
|--|---------------------------|---------------------------|----------------------------------|-----------------|-----------------------------|------------------|---------------------------|-------------------------------|------------|----------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE PASSED-<br/>THROUGH STATE DEPARTMENT OF EDUCATION:</b> |                           |                           |                                  |                 |                             |                  |                           |                               |            |                                  |
| <b>Enterprise Fund:</b>  |                           |                           |                                  |                 |                             |                  |                           |                               |            |                                  |
| Child Nutrition Cluster:   |                           |                           |                                  |                 |                             |                  |                           |                               |            |                                  |
| Cash in Lieu of Commodities  | 10.550                    | 1616INJ304N1099           | \$ 15,966                        | 7/1/15-6/30/16  | \$ -                        | 15,966           | \$ (15,966)               | \$ -                          | \$ -       | -                                |
| National School Lunch Program  | 10.555                    | 1616INJ304N1099           | 43,231                           | 7/1/15-6/30/16  | -                           | 34,214           | (43,231)                  | -                             | (1)        | (9,018)                          |
| National School Lunch Program  | 10.555                    | 1616INJ304N1099           | 43,068                           | 7/1/14-6/30/15  | (4,056)                     | 4,056            | -                         | -                             | -          | -                                |
| Healthy Hunger-Free Kids Act   | 10.551                    | 1616INJ304N1099           | 3,088                            | 7/1/15-6/30/16  | -                           | 2,461            | (3,088)                   | -                             | 1          | (626)                            |
| Healthy Hunger-Free Kids Act   | 10.551                    | 1616INJ304N1099           | 3,171                            | 7/1/14-6/30/15  | (291)                       | 291              | -                         | -                             | -          | -                                |
| Total Child Nutrition Cluster  |                           |                           |                                  |                 | (4,347)                     | 56,988           | (62,285)                  | -                             | -          | (9,644)                          |
| Total Enterprise Fund Assistance   |                           |                           |                                  |                 | (4,347)                     | 56,988           | (62,285)                  | -                             | -          | (9,644)                          |
| Total U.S. Department of Agriculture   |                           |                           |                                  |                 | (4,347)                     | 56,988           | (62,285)                  | -                             | -          | (9,644)                          |
| <b>U.S. DEPARTMENT OF EDUCATION PASSED-<br/>THROUGH STATE DEPARTMENT OF EDUCATION:</b>   |                           |                           |                                  |                 |                             |                  |                           |                               |            |                                  |
| <b>Special Revenue Fund:</b>   |                           |                           |                                  |                 |                             |                  |                           |                               |            |                                  |
| N.C.L.B:   |                           |                           |                                  |                 |                             |                  |                           |                               |            |                                  |
| Title I - Part A   | 84.010                    | S010A150030               | 52,933                           | 9/1/15-8/31/16  | -                           | 52,933           | (52,933)                  | -                             | -          | -                                |
| Title II - Part A, Improving Teacher Quality   | 84.367                    | S367A150029               | 11,996                           | 9/1/15-8/31/16  | -                           | 11,996           | (11,996)                  | -                             | -          | -                                |
| Special Education Cluster:   |                           |                           |                                  |                 |                             |                  |                           |                               |            |                                  |
| I.D.E.A. Part B, Basic Regular   | 84.027A                   | H027A150100               | 188,891                          | 9/1/15-8/31/16  | -                           | 188,891          | (188,891)                 | -                             | -          | -                                |
| I.D.E.A. Preschool Program   | 84.173A                   | HI73A150114               | 11,019                           | 9/1/15-8/31/16  | -                           | 11,019           | (11,019)                  | -                             | -          | -                                |
| Total Special Education Cluster  |                           |                           |                                  |                 | -                           | 199,910          | (199,910)                 | -                             | -          | -                                |
| Total Special Revenue Fund Assistance  |                           |                           |                                  |                 | -                           | 264,839          | (264,839)                 | -                             | -          | -                                |
| Total U.S. Department of Education   |                           |                           |                                  |                 | -                           | 264,839          | (264,839)                 | -                             | -          | -                                |
| Total Federal Financial Assistance   |                           |                           |                                  |                 | \$ (4,347)                  | \$ 321,827       | \$ (327,124)              | \$ -                          | \$ -       | \$ (9,644)                       |

**SHAMONG TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| STATE GRANTOR/PROGRAM TITLE   | GRANT OR STATE PROJECT NUMBER | AWARD AMOUNT | GRANT PERIOD   | BALANCE JUNE 30, 2015 | CARRYOVER (WALKOVER) AMOUNT | CASH RECEIVED | BUDGETARY EXPENDITURES | SUB-RECIPIENT EXPENDITURES | ADJUSTMENT | (ACCOUNTS RECEIVABLE) AT JUNE 30, 2016 | DEFERRED REVENUE AT JUNE 30, 2016 | DUE TO GRANTOR AT JUNE 30, 2016 | MEMO                 |                               |           |
|---|-------------------------------|--------------|----------------|-----------------------|-----------------------------|---------------|------------------------|----------------------------|------------|--|-----------------------------------|---------------------------------|----------------------|-------------------------------|-----------|
|   |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 | BUDGETARY RECEIVABLE | CUMULATIVE TOTAL EXPENDITURES |           |
| <b>State Department of Education:</b>                                   |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 |                      |                               |           |
| <b>General Fund:</b>  |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 |                      |                               |           |
| State Aid Cluster:  |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 |                      |                               |           |
| Equalization Aid  | 495-034-5120-078              | \$ 3,430,365 | 7/1/15-6/30/16 | -                     | -                           | \$ 3,430,365  | \$ (3,430,365)         | \$ -                       | \$ -       | -                                      | -                                 | -                               | \$ (339,117)         | \$ 3,430,365                  |           |
| Categorical Special Education Aid                                       | 495-034-5120-089              | 507,214      | 7/1/15-6/30/16 | -                     | -                           | 507,214       | (507,214)              | -                          | -          | -                                      | -                                 | -                               | (50,721)             | 507,214                       |           |
| Categorical Security Aid  | 495-034-5120-084              | 65,308       | 7/1/15-6/30/16 | -                     | -                           | 65,308        | (65,308)               | -                          | -          | -                                      | -                                 | -                               | (6,531)              | 65,308                        |           |
| PARCC Readiness Aid   | 495-034-5120-098              | 8,250        | 7/1/15-6/30/16 | -                     | -                           | 8,250         | (8,250)                | -                          | -          | -                                      | -                                 | -                               | (825)                | 8,250                         |           |
| Per Pupil Growth Aid  | 495-034-5120-097              | 8,250        | 7/1/15-6/30/16 | -                     | -                           | 8,250         | (8,250)                | -                          | -          | -                                      | -                                 | -                               | (825)                | 8,250                         |           |
| Total State Aid Cluster   |                               |              |                | -                     | -                           | 4,019,387     | (4,019,387)            | -                          | -          | -                                      | -                                 | -                               | (398,019)            | 4,019,387                     |           |
| Categorical Transportation Aid  | 495-034-5120-014              | 224,964      | 7/1/15-6/30/16 | -                     | -                           | 224,964       | (224,964)              | -                          | -          | -                                      | -                                 | -                               | (22,496)             | 224,964                       |           |
| Extraordinary Aid   | 495-034-5120-044              | 12,195       | 7/1/15-6/30/16 | (27,393)              | -                           | -             | (12,195)               | -                          | -          | (12,195)                               | -                                 | -                               | -                    | 12,195                        |           |
| Extraordinary Aid   | 495-034-5120-044              | 27,393       | 7/1/14-6/30/15 | -                     | -                           | 27,393        | -                      | -                          | -          | -                                      | -                                 | -                               | -                    | -                             |           |
| Excess Non-Public Transportation Costs                                  | 495-034-5120-014              | 2,431        | 7/1/15-6/30/16 | (5,742)               | -                           | -             | (2,431)                | -                          | -          | (2,431)                                | -                                 | -                               | -                    | 2,431                         |           |
| Excess Non-Public Transportation Costs                                  | 495-034-5120-014              | 5,742        | 7/1/14-6/30/15 | -                     | -                           | 5,742         | -                      | -                          | -          | -                                      | -                                 | -                               | -                    | -                             |           |
| On-Behalf TPAF Post-Retirement  |                               |              |                | -                     | -                           | -             | -                      | -                          | -          | -                                      | -                                 | -                               | -                    | -                             |           |
| Medical (Nonbudgeted)   | 100-034-5095-116              | 543,082      | 7/1/15-6/30/16 | -                     | -                           | 543,082       | (543,082)              | -                          | -          | -                                      | -                                 | -                               | -                    | 543,082                       |           |
| On-Behalf TPAF Pension  |                               |              |                | -                     | -                           | -             | -                      | -                          | -          | -                                      | -                                 | -                               | -                    | -                             |           |
| Contributions (Nonbudgeted)   | 100-034-5095-116              | 456,094      | 7/1/15-6/30/16 | -                     | -                           | 456,094       | (456,094)              | -                          | -          | -                                      | -                                 | -                               | -                    | 456,094                       |           |
| Reimbursed TPAF Social Security   |                               |              |                | -                     | -                           | -             | -                      | -                          | -          | -                                      | -                                 | -                               | -                    | -                             |           |
| Contribution (Non-Budgeted)   | 100-034-5095-002              | 412,509      | 7/1/15-6/30/16 | -                     | -                           | 392,213       | (412,509)              | -                          | -          | (20,296)                               | -                                 | -                               | -                    | 412,509                       |           |
| Reimbursed TPAF Social Security   |                               |              |                | (19,778)              | -                           | 19,778        | -                      | -                          | -          | -                                      | -                                 | -                               | -                    | -                             |           |
| Contribution (Non-Budgeted)   | 100-034-5095-002              | 415,306      | 7/1/14-6/30/15 | -                     | -                           | -             | -                      | -                          | -          | -                                      | -                                 | -                               | -                    | -                             |           |
| Total General Fund Assistance   |                               |              |                | (52,913)              | -                           | 5,688,653     | (5,670,662)            | -                          | -          | (34,922)                               | -                                 | -                               | -                    | (420,515)                     | 5,670,662 |
| <b>Capital Projects Fund:</b>   |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 |                      |                               |           |
| SDA Grant #G5-5018  | 4740-055-14-1013              | 52,400       | 7/1/14-6/30/17 | -                     | -                           | 42,407        | (44,529)               | -                          | -          | (2,122)                                | -                                 | -                               | -                    | 44,529                        |           |
| SDA Grant #G5-5017  | 4740-055-14-1012              | 91,000       | 7/1/14-6/30/17 | -                     | -                           | -             | (79,322)               | -                          | -          | (79,322)                               | -                                 | -                               | -                    | 79,322                        |           |
| SDA Grant #G5-5015  | 4740-050-14-1005              | 476,800      | 7/1/14-6/30/17 | -                     | -                           | 196,520       | (225,989)              | -                          | -          | (29,469)                               | -                                 | -                               | -                    | 225,989                       |           |
| SDA Grant #G5-5013  | 4740-050-14-1003              | 104,600      | 7/1/14-6/30/17 | -                     | -                           | -             | (90,293)               | -                          | -          | (90,293)                               | -                                 | -                               | -                    | 90,293                        |           |
| SDA Grant #G5-5014  | 4740-050-14-1004              | 67,600       | 7/1/14-6/30/17 | -                     | -                           | 54,496        | (57,584)               | -                          | -          | (3,088)                                | -                                 | -                               | -                    | 57,584                        |           |
| Total Capital Projects Fund Assistance                                  |                               |              |                | -                     | -                           | 293,423       | (497,717)              | -                          | -          | (204,294)                              | -                                 | -                               | -                    | 497,717                       |           |
| <b>Debt Service Fund:</b>   |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 |                      |                               |           |
| Debt Service Type II  | 495-034-5120-125              | 30,777       | 7/1/15-6/30/16 | -                     | -                           | 30,777        | (30,777)               | -                          | -          | -                                      | -                                 | -                               | -                    | 30,777                        |           |
| Total Debt Service Fund Assistance                                      |                               |              |                | -                     | -                           | 30,777        | (30,777)               | -                          | -          | -                                      | -                                 | -                               | -                    | 30,777                        |           |
| Total State Department of Education                                     |                               |              |                | (52,913)              | -                           | 6,012,853     | (6,199,156)            | -                          | -          | (239,216)                              | -                                 | -                               | -                    | (420,515)                     | 6,199,156 |
| <b>State Department of Agriculture:</b>                                 |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 |                      |                               |           |
| <b>Enterprise Fund:</b>   |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 |                      |                               |           |
| National School Lunch Program   | 100-010-3360-067              | 2,283        | 7/1/15-6/30/16 | (209)                 | -                           | 1,832         | (2,283)                | -                          | -          | (451)                                  | -                                 | -                               | -                    | 2,283                         |           |
| National School Lunch Program   | 100-010-3360-067              | 2,276        | 7/1/14-6/30/15 | -                     | -                           | 209           | -                      | -                          | -          | -                                      | -                                 | -                               | -                    | -                             |           |
| Total Enterprise Fund Assistance  |                               |              |                | (209)                 | -                           | 2,041         | (2,283)                | -                          | -          | (451)                                  | -                                 | -                               | -                    | 2,283                         |           |
| Total State Department of Agriculture                                   |                               |              |                | (209)                 | -                           | 2,041         | (2,283)                | -                          | -          | (451)                                  | -                                 | -                               | -                    | 2,283                         |           |
| Total State Financial Assistance  |                               |              |                | (53,122)              | -                           | 6,014,894     | (6,201,439)            | -                          | -          | (239,667)                              | -                                 | -                               | -                    | (420,515)                     | 6,201,439 |
| Less: Grants Not Subject to Major Program Determination:                |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 |                      |                               |           |
| On-Behalf TPAF Pension and Medical Contributions                        | 100-034-5095-116              | 999,176      | 7/1/15-6/30/16 |                       |                             |               |                        |                            |            |  |                                   |                                 |                      | 999,176                       |           |
| Total State Financial Assistance Subject to Major Program Determination |                               |              |                |                       |                             |               |                        |                            |            |  |                                   |                                 |                      | <u>\$ (5,202,263)</u>         |           |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2016**

**Note 1. General**

The accompanying Schedule of Expenditures of State Financial Assistance includes state award activity of the Shamong Township School District. The School District is defined in Note 1 to the District'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. Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the state expenditures presented in the Schedule of Expenditures of State Financial Assistance, the Shamong Township School District did not provide any state awards to sub recipients.

Noncash assistance is reported in the Schedule of Expenditures of State Financial Assistance as the value, as determined by the State of New Jersey, of the On-Behalf payments made by the State for Pensions and Post-Retirement Medical Contributions during the year ended June 30, 2016.

Shamong Township School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2016**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(5,588) 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 District's basic financial statements on a GAAP basis as presented as follows:

|                            | <b>State</b>       | <b>Federal</b>   | <b>Total</b>       |
|----------------------------|--------------------|------------------|--------------------|
| General Fund               | \$5,665,074        | \$ -0-           | \$5,665,074        |
| Special Revenue Fund       | -0-                | 264,839          | 264,839            |
| Capital Projects Fund      | 497,717            | -0-              | 497,717            |
| Debt Service Fund          | 30,777             | -0-              | 30,777             |
| Food Service Fund          | <u>2,283</u>       | <u>62,285</u>    | <u>64,568</u>      |
| Total Financial Assistance | <u>\$6,195,851</u> | <u>\$327,124</u> | <u>\$6,522,975</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, 2016. TPAF social security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

**Note 6. Federal and State Loans Outstanding**

Shamong Township School District had no loan balances outstanding at June 30, 2016.



**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

|   |                   |
|---|-------------------|
| Type of auditor’s report issued:  | <u>Unmodified</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                |

**Federal Awards – NOT APPLICABLE**

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee?

Internal Control over major programs:

- 1) Material weakness(es) identified?
- 2) Significant deficiencies identified that are not considered To be material weaknesses?

Type of auditor’s report issued on compliance for major programs

Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200 Section .516(a) of the Uniform Guidance?

**Identification of major programs:**

| <b>CFDA Number(s)</b> | <b>FAIN Number(s)</b> | <b>Name of Federal Program or Cluster</b> |
|-----------------------|-----------------------|---|
|                       |                       | NOT APPLICABLE                            |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

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

**State Awards**

|   |                   |
|---|-------------------|
| Dollar threshold used to distinguish between type A and type B programs:  | \$750,000         |
| Auditee qualified as low-risk auditee?  | Yes               |
| 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     |
| Type of auditor’s report issued on compliance for major programs  | <u>Unmodified</u> |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance or NJ OMB Circular Letter 15-08 as applicable? | No                |

**Identification of major programs:**

| <b>GMIS Number(s)</b> | <b>Name of State Program</b>      |
|-----------------------|-----------------------------------|
|                       | <u>State Aid-Public Cluster:</u>  |
| 495-034-5120-078      | Equalization Aid                  |
| 495-034-5120-089      | Special Education Categorical Aid |
| 495-034-5120-084      | Security Aid                      |
| 495-034-5120-097      | Per Pupil Growth Aid              |
| 495-034-5120-098      | PARCC Readiness Aid               |

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section II – Financial Statement Findings**

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

No Current Year Findings

**Section III – Schedule of Federal Award Finding & Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Not Applicable

**Section IV – State Financial Assistance Finding & Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular Letter 15-08, as applicable.

No Current Year Findings

**SHAMONG TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (.511 (a)(b)) and New Jersey OMB's Circular Letter 04-04 and/or 15-08, as applicable.

No Prior Year Findings